

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985 c.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SIMEX INC., IWERKS
ENTERTAINMENT, INC., SIMEX-IWERKS MYRTLE BEACH,
LLC

(the "Applicants")

**APPLICATION RECORD OF SIMEX INC., IWERKS ENTERTAINMENT, INC., SIMEX-
IWERKS MYRTLE BEACH, LLC
(Returnable January 19, 2024)**

January 17, 2024

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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LLC

(the “Applicants”)

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Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985 c.C-36, AS
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AND IN THE MATTER OF A PLAN OF
 COMPROMISE OR ARRANGEMENT OF SIMEX INC.,
 IWERKS ENTERTAINMENT, INC., SIMEX-IWERKS
 MYRTLE BEACH, LLC

(the “**Applicants**”)

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicants. The claim made by the applicants appears on the following page.

THIS APPLICATION will come on for a hearing on a date to be determined by the Court

- In person
 By telephone conference
 By video conference

at the following location:

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 applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, and file it, with proof of service, in this court office, and you or your 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 applicants' lawyer or, where the applicants do not have a lawyer, serve it on the applicants, 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: January 17, 2024

Issued by _____
Local registrar

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Lawyers for Province of Ontario

APPLICATION

1. SimEx Inc., (“**SimEx**”), Iwerks Entertainment, Inc. (“**Iwerks**”), and SimEx-Iwerks Myrtle Beach, LLC (“**SIMB**”, and, together with SimEx and Iwerks, the “**Applicants**”) make this application under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the “**CCAA**”) for an order, substantially in the form appended hereto a **Schedule “A”**, *inter alia*:
 - (a) abridging the time for and validating service of this notice of application and the application record and dispensing with service on any person other than those served;
 - (b) declaring that the Applicants are companies to which the CCAA applies;
 - (c) granting a stay of proceedings in favour of the Applicants and its directors and officers for an initial period of ten (10) days, up to and including January 29, 2024 (the “**Stay Period**”);
 - (d) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the court-appointed monitor of the Applicants (in such capacity, the “**Monitor**”);
 - (e) granting an administration charge in the amount of USD \$500,000 over the assets, undertakings and property of the Applicants (the “**Property**”) in favour of counsel for the Applicants, the Monitor and the Monitor’s counsel (the “**Administration Charge**”), subject to limited application during the initial 10-day Stay Period;
 - (f) approving an interim loan facility (the “**DIP Loan**”) on terms of the interim loan agreement (the “**DIP Term Sheet**”) between the Applicants, as borrowers, and Royal Bank of Canada (“**RBC**”), as interim lender (the “**DIP Lender**”); and, a DIP financing charge in the amount of USD \$600,000 (the “**DIP Lender’s Charge**”), subject to limited application during the initial Stay Period;

- (g) approving a charge in favour of the current directors and officers of the Applicants in the amount of USD \$300,000 (the “**D&O Charge**”), subject to limited application during the initial 10-day Stay Period;
- (h) approving a sale and investment solicitation process in respect of the business and assets of the Applicants, substantially in accordance with the SISP process and procedures substantially in the form appended to the form of order appended hereto (the “**SISP**”); and,
- (i) scheduling a comeback hearing (“**Comeback Hearing**”) for January 29, 2024,

and such further and other relief as counsel may advise and this Honourable Court may deem appropriate.

THE GROUNDS FOR THIS APPLICATION ARE:

A. Background

1. The Applicants operate a single, united business enterprise specializing in “4D” motion rides and cinematic attractions. They operate in the “theatre attraction” space and rely heavily, if not exclusively, on tourism.
2. The Applicants have suffered losses primarily due to the COVID-19 pandemic (“**COVID**”) and the associated lockdowns, and a slower-than-expected return to pre-COVID business levels. In addition, the Applicants had invested significant time and resources into projects that have been delayed or terminated coming out of COVID.
3. As a result, the Applicants are currently experiencing a liquidity crisis and will be unable to satisfy go-forward obligations such as payroll, rent, and licensing fees without the protections afforded by the CCAA, including immediate access to the interim funding proposed herein.

4. The Applicants are headquartered and managed out of Toronto, Ontario and operate out of five leased facilities located in Canada and the US. The US operations are reliant on the Canadian parent to continue in business. The Applicants currently have seventy-six (76) employees.

B. Necessity of CCAA Proceedings

5. The Applicants are insolvent. They are indebted to their secured creditors in the approximate amount of USD \$16,000,000 and to their unsecured creditors in excess of USD \$7,000,000. More importantly, the Applicants are unable to meet their obligations as they become due. The Applicants require the protection from their creditors afforded by the CCAA to bring stability to the business, allow the Applicants to immediately access interim funding and implement the SISP, which is designed to serve the interests of all stakeholders.
6. The Applicants have been operating at net losses for each of the past three years. In each year, they have recorded annual losses of approximately USD \$3,000,000.
7. With the assistance of Deloitte, the Applicants have prepared an extended cash flow forecast through May 3, 2024 (the “**Cash Flow Forecast**”). Without an immediate injection of funds, the Applicants are at risk of having insufficient cash to sustain operations through the week ending January 26, 2024; and, they will have insufficient funds beyond such date.
8. The Applicants, in consultation with their senior secured lender, RBC and Deloitte, as proposed monitor, have determined that the best path forward to maximize value for their stakeholders is through a court-supervised SISP under the CCAA.

C. Stay of Proceedings

9. The Applicants seek an initial 10-day stay of proceedings to maintain the status quo and provide them with the breathing room necessary to effectively being to

implement the proposed SISP, with a view to maximizing value for all of their stakeholders.

10. In addition to the initial stay of proceedings in favour of the Applicants and its assets, the Applicants are also seeking an initial stay of proceedings in favour of the Applicants' directors and officers to ensure they are able to focus their efforts on the Applicants' path forward.

D. Appointment of Monitor

11. The Applicants seek the appointment of Deloitte as Monitor in these CCAA proceedings. Deloitte has assisted in the preparation of the extended Cash Flow Forecast.
12. Deloitte has also provided the Applicants with guidance and assistance in the commencement of these CCAA proceedings. As a result, Deloitte has developed critical knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.
13. Deloitte has extensive experience acting as monitor in CCAA proceedings and has consented to act as the Monitor, subject to Court approval.

E. Administration Charge

14. The Applicants seek a super-priority Administration Charge over the Property in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants (collectively, the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order.
15. The Applicants are seeking approval of the Administration Charge for the maximum amount of USD \$500,000. However, the Initial Order will limit the Administration Charge to \$390,000 until the Comeback Hearing, in order to secure the payment of fees and expenses to the limited extent the same is required during the initial 10-day Stay Period.

16. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants' efforts in these CCAA proceedings and will ensure that there is no unnecessary duplication of roles among them.
17. The Administration Charge will rank in priority ahead of all other claims.

F. DIP Term Sheet and DIP Lender's Charge

18. The Applicants will be unable to meet payroll and satisfy imminent working capital needs without immediate access to interim funding.
19. RBC has agreed to provide interim funding conditional on, *inter alia*, this Honourable Court's approval of the DIP Term Sheet and DIP Lender's Charge.
20. Pursuant to the terms of the DIP Term Sheet and the proposed initial order, the Applicants will be able to access a limited principal amount of USD \$200,000 during the initial 10-day Stay Period, and a maximum principal amount of USD \$600,000 thereafter.
21. Accordingly, the Applicants are seeking approval of the DIP Term Sheet and the DIP Lender's Charge for the maximum principal amount of USD \$600,000. However, the Initial Order will limit the access to financing under the DIP Term Sheet and the DIP Lender's Charge to USD \$200,000 until the Comeback Hearing, in order to secure repayment of such interim financing to the limited extent the same is required during the initial 10-day Stay Period.
22. The DIP Lender's Charge will rank in priority ahead of all other claims, but behind the Administration Charge.

G. D&O Charge

23. The Applicants require the continued participation of their directors and officers to ensure ongoing stability. The directors and officers have skills, knowledge and

expertise, as well as established relationships with stakeholders that will contribute to a successful path forward.

24. The Applicants are seeking the D&O Charge for the maximum amount of USD \$300,000 to secure the Applicants' obligation to indemnify the directors and officers against certain claims. However, the Initial Order will limit the D&O Charge to USD \$230,000 until the Comeback Hearing, in order to secure the indemnification of the directors and officers to the limited extent the same is required during the initial 10-day Stay Period.
25. The D&O Charge will rank in priority ahead of all other claims, but behind the Administration Charge and the DIP Lender's Charge.

H. SISP

26. In consultation with counsel, RBC, and Deloitte, as proposed monitor, the Applicants have developed the SISP, with a view to maximizing opportunities for the Applicants and potential realizations for the stakeholders. In such consultation, it was determined that the SISP must begin immediately following the granting of the Initial Order in order to maximize the chances of success and minimize significant costs.
27. The salient terms of the SISP are as follows:
 - a) immediate preparatory steps following the issuance of the Initial Order, including identification of potentially interested investors and purchasers;
 - b) an active, public launch of the process immediately following the issuance of the ARIO;
 - c) solicitation of interest on an "as is, where is" basis;
 - d) a forty-five (45) day period for marketing and due diligence;

- e) a target offer/bid deadline of March 14, 2024;
 - f) a potential auction (where appropriate);
 - g) negotiation of a final successful offer; and
 - h) court approval of the same and targeted closing no later than May 3, 2024.
28. Although the SISP is to start immediately after the initial order is granted, the SISP activities during the initial 10-day Stay Period are limited to the preparation of all necessary diligence materials and identification of potentially interested parties, in order to position the Applicants and Monitor to “launch” the active phase of the SISP immediately following the Comeback Hearing, assuming the Stay Period is extended on such hearing to permit the same.

I. Comeback Hearing

29. As required under the CCAA, the applicants must return the Court within 10 days of the initial order. The Applicants are requesting the Court to order the Comeback Hearing be heard at 11:00am (Toronto time) on January 29, 2024.

GENERAL

30. RBC, the senior secured creditor, supports the requested relief.
31. The proposed monitor supports the requested relief.
32. No party will be materially prejudiced by the granting the requested relief.
33. The provisions of the CCAA.
34. Rules 2.03, 3.02, 14.05, 16.04 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg 194, as amended; and
35. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

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

1. The Affidavit of Michael Needham, sworn January 17, 2024 (the “**Needham Affidavit**”) and the exhibits annexed thereto;
2. The consent of Deloitte to act as Monitor, appended to the Needham Affidavit; and
3. Such further and other evidence as counsel may advise and this Honourable Court may admit.

January 17, 2024

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TAB A

SCHEDULE "A"
DRAFT ORDER

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	FRIDAY, THE 19TH
)	
JUSTICE CONWAY)	DAY OF JANUARY, 2024

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC.
SIMEX-IWERKS MYRTLE BEACH, LLC (the "Applicants")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Michael Needham sworn January 17, 2024, and the Exhibits thereto, the pre-filing report dated January <*>, 2024, of the proposed monitor Deloitte Restructuring Inc. ("Deloitte"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, counsel for Deloitte, counsel for Royal Bank of Canada, counsel for BDC Capital Inc. and the other parties listed on the participant information form and no one appearing for any other party although duly served as appears from the affidavit of service of Amanda Adamo sworn January 17, 2024, and on reading the consent of Deloitte to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are each a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the Applicants shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any

nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) but for greater certainty excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants or the making of this Order or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by an Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and

- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of the Applicants' 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 Applicants' 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 Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, the Applicants shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. THIS COURT ORDERS that until and including January 29, 2024, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or

tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower an Applicant to carry on any business which such Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (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 RIGHTS

15. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, sublicense, authorization or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant 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 Business or the Applicants, 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 Applicants, and that the Applicants shall be entitled to the continued use of its current premises, 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 Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct (the "D&O Indemnity").

20. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$300,000, as security for the indemnity provided in paragraph 20 of this Order, subject to the limited effect of the Director's Charge during the initial 10-days of these proceedings, prescribed by paragraph 44 hereof. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

21. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

22. THIS COURT ORDERS that Deloitte Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lender;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

24. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. THIS COURT ORDERS that nothing herein contained shall require the Monitor 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 Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor'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.

26. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are

hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis.

29. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. THIS COURT ORDERS that the Monitor, counsel to the Monitor, US counsel to the Monitor, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of USD \$500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings, subject to the limited effect of the Administration Charge during the initial 10-day Stay Period prescribed by paragraph 43 hereof. The Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

DIP FINANCING

31. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from Royal Bank of Canada (the "DIP Lender") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed the principal amount of USD \$600,000 unless permitted by further Order of this Court.

32. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Applicants and the DIP Lender (the "Commitment Letter"), filed.

33. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and

when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “DIP Lender’s Charge”) on the Property, subject to the limited effect of the DIP Lender’s Charge during the initial 10-day Stay Period, as prescribed by paragraph 44 hereof, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 37 and 39 hereof.

35. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon two (2) days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of any of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

36. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or

any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of USD \$500,000);

Second – DIP Lender's Charge (to a maximum principal amount of USD \$600,000; and

Third – Directors' Charge (to the maximum amount of USD \$300,000),

in each case subject to such limitations during the initial 10-day Stay Period prescribed by paragraph 43 hereof.

38. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, notwithstanding the order of perfection or attachment.

40. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicants also obtains prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

41. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

LIMITATIONS ON DIP BORROWINGS & CHARGES DURING INTIAL STAY PERIOD

43. THIS COURT ORDERS that notwithstanding anything to the contrary herein, during the period from and after the effectiveness of this Order and the Comeback Hearing (*as defined below*) (the “Interim Period”), the Applicants’ ability to access funding under the Commitment Letter and the scope of the Charges is limited as follows:

- (a) during the Interim Period, advances under the Commitment Letter shall be limited to the principal amount of USD \$200,000 in the aggregate, which is the amount necessary to sustain operations in this Interim Period and to satisfy obligations for payroll and source deductions;
- (b) during the Interim Period, amounts secured by the Administration Charge shall be limited to USD \$390,000 in the aggregate, which is the amount required to fund the professional costs during the Interim Period;
- (c) during the Interim Period, amounts secured by the DIP Lender’s Charge shall be limited to USD \$200,000 in the aggregate, the amount necessary to sustain operations in this Interim Period and to satisfy obligations for payroll and source deductions; and
- (d) during the Interim Period, amounts secured by the D&O Charge shall be limited to USD \$230,000 in the aggregate, which is the amount required secure the potential D&O liability during the Interim Period,

and provided that in the event the Stay Period is not extended at the Comeback Hearing the permitted borrowings under the Commitment Letter and scope of the Charges shall be permanently restricted and limited as set out in this paragraph 43, pending further order of the Court.

SALE AND INVESTMENT SOLICITATION PROCESS

44. THIS COURT ORDERS that the Sale and Investment Solicitation Process (“SISP”) substantially in the form attached as Schedule “A” hereto be and is hereby approved.

COMEBACK HEARING

45. THIS COURT ORDERS that the comeback motion required in this CCAA proceeding shall be heard at 11:00am (Toronto time) on January 29, 2024 (the “Comeback Hearing”).

SERVICE AND NOTICE

46. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the National Post (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

47. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the “**Guide**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (Ontario) and paragraph 7 of the Guide, this Order shall constitute an order for substituted service pursuant to Rule 16.04. Subject to Rule 3.01(d) and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL www.insolvencies.deloitte.ca/en-ca/SimEx. .

48. THIS COURT ORDERS that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the “Service List”). The Monitor shall post the Service List, as may be updated from time to time, on the Case Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

49. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are 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 Applicants’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicants 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.

50. THIS COURT ORDERS that the Applicants, the Monitor and their respective counsel 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 Applicants' creditors or other interested parties and their advisors. 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

51. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

52. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

53. 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 the Applicant, the Monitor 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 the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

54. THIS COURT ORDERS that each of the Applicants and the Monitor 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 Monitor 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.

55. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing, or at any other time, on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 38 and 40 hereof, and subject to the limitations in paragraph 44, with respect to any fees, expenses and disbursements (including amounts loaned to the Applicant pursuant to the Commitment Letter) incurred as applicable, until the date this Order may be amended, varied or stayed.

56. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard Time on the date of this Order without any requirement for issuance and entry.

SCHEDULE "A"

SISP PROCESS

Sale and Investment Solicitation Process

SimEx Inc., Iwerks Entertainment Inc. and SimEx-Iwerks Myrtle Beach LLC

Introduction

1. On January 19, 2024, SimEx Inc., Iwerks Entertainment Inc., and SimEx-Iwerks Myrtle Beach LLC (together, the “**Applicants**”) obtained an initial order (that may be amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”). The Initial Order, among other things:
 - a. Provides for a stay of all proceedings against the Applicants assets, properties and undertaking and their respective directors and officers; and
 - b. Appoints Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”).
2. Pursuant to the Initial Order, the Monitor is authorized to conduct a sale and investment solicitation process (the “**SISP**”), as described herein, with the assistance of the Applicants. The SISP is intended to solicit interest in an acquisition or refinancing of the business, or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance, or other similar transaction. The Monitor intends to provide all qualified interested parties with an opportunity to participate in the SISP.

Opportunity

3. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Applicants’ assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern, or a sale of all, substantially all or one or more components of the Applicants’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).
4. This document (the “**SISP Procedure**”) describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Monitor and how Court approval will be obtained in respect of a Transaction.
5. The SISP contemplates a one-stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).

6. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.
7. In the SISP, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

Timeline

8. The following table sets out the key milestones under the SISP:

Milestone	Timeline	Targeted Deadline
Commencement date	Immediately following the approval of the SISP Process	January 19, 2024
Preparation of SISP materials (i.e., Teaser, Investment Memorandum, Buyer list, Notices for trade publication, NDA, populate EDR)	10 days	January 29, 2024
Bid Deadline	[45 days]	March 14, 2024
Auction Date (if applicable)	[1 day]	March 21, 2024
Finalize Transaction agreement	7 days	March 29, 2024
Sale Approval Motion (as defined below) in CCAA Court		April 19, 2024 (outside date)
Closing of the Transaction		May 3, 2024 (outside date)

9. The dates set out in the SISP may be extended by either: (i) further order of the Court; or (ii) the Monitor, with the consent of Royal Bank of Canada.

Solicitation of Interest: Notice of the SISP

10. As soon as reasonably practicable:
- a. the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in a

Transaction pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, “**Known Potential Bidders**”);

- b. the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the “**Notice**”) to be published in *Insolvency Insider*, the Monitor’s website, and any other newspaper or journal or industry website as the Applicants, in consultation with the Monitor, consider appropriate, if any; and
 - c. the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor and their respective counsel (an “**NDA**”).
11. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

12. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), must provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
13. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial ability, in the Monitor’s sole discretion, to close a transaction, such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room (“**EDR**”) containing information about the Applicants, the Property and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the Applicants nor the Monitor is responsible for, and will bear no liability

with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

14. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

Formal Binding Offers

15. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with all of the following requirements to the Monitor and Applicants’ counsel at the addresses specified in Schedule “1” hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST) on March 14, 2024** or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders, with the approval of the Applicants (the “**Bid Deadline**”):
- a. the Bid must be either a binding offer to:
 - i. acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”); and/or
 - ii. make an investment in, restructure, reorganize or refinance the Business or the Applicants (an “**Investment Proposal**”); or
 - b. carry out any combination of a Sale Proposal and an Investment Proposal;
 - c. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and is consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Bidders;
 - d. the Bid includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - e. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the “**Purchase Price**”), together with all exhibits and schedules thereto;
 - f. the Bid is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;

- g. the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;
- h. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, but may be conditioned upon the Applicants receiving the required approvals or amendments relating to the licenses required to operate the business, if necessary;
- i. the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;
- j. for a Sale Proposal, the Bid includes:
 - i. the purchase price in U.S. dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;
 - ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;
 - iv. a description of the conditions and approvals required to complete the closing of the transaction;
 - v. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction.
- k. for an Investment Proposal, the Bid includes:
 - i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
 - ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in U.S. dollars.
 - iii. the underlying assumptions regarding the pro forma capital structure;

- iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the transaction;
 - v. a description of the conditions and approvals required to complete the closing of the transaction;
 - vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - vii. any other terms or conditions of the Investment Proposal.
1. the Bid includes acknowledgements and representations of the Bidder that the Bidder:
- i. is completing the Transaction on an “as is, where is” basis;
 - ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its Bid;
 - iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
 - iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;
- m. the Bid is received by the Bid Deadline; and
- n. the Bid contemplates closing the Transaction set out therein immediately following the granting of the Sale Approval Order.
17. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants and Royal Bank of Canada and will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed not to be Qualified Bids without the approval of the Monitor. Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
18. The Monitor, in consultation with the Applicants and Royal Bank of Canada, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. The Monitor and the Applicants will be under no obligation to negotiate identical terms with, or extend identical terms to, each Bidder.

19. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate .
20. The Monitor may, in consultation with the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Competing Bids

21. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transaction(s), (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, (vii) the likelihood and timing of consummating such Transaction, each as determined by the Applicants and the Monitor and (viii) any other factor deemed relevant by the Monitor in consultation with the Applicants.

Auction

22. If the Monitor receives at least two Qualified Bids and determines, in consultation with the Applicants and Royal Bank of Canada that they are competitive, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conferencing, or in person, as determined by the Monitor, and will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
23. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, (collectively, the “**Qualified Parties**”), shall be eligible to participate in the Auction. No later than 5:00 p.m. (EST) on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction.

Auction Procedure

24. The Auction shall be governed by the following procedures:
 - a. **Participation at the Auction.** Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (EST) by no later than five (5) days after the Bid Deadline. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;

- b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;
- c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the “**Initial Bid**”), and any bid made at the Auction by a Qualified Party subsequent to the Monitor’s announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of USD \$50,000;
- d. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference or otherwise, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;
- e. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s);
- f. **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded; and
- g. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Selection of Successful Bid

- 25. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:
 - a. review and evaluate each Qualified Bid, considering the factors set out in paragraph 16 and any other factor that the Applicants or the Monitor may reasonably deem relevant, provided that each Qualified Bid may be negotiated among the Monitor in consultation with the Applicants and the Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and

- b. identify the highest or otherwise best bid received at the Auction (the “**Successful Bid**” and the Qualified Party making such bid, the “**Successful Party**”).
26. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with the Applicants, subject to the milestones set forth in paragraph 9.

Sale Approval Motion Hearing

27. At the hearing of the motion to approve any transaction with a Successful Party (the “**Sale Approval Motion**”), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

28. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
29. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders.

Supervision of the SISP

30. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.
31. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Qualified Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.
32. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lender, or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross

negligence or willful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.

33. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
34. The Monitor, in consultation with the Applicants, shall have the right to modify the SISP Procedure (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

Deposits

35. All Deposits received pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Monitor elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Monitor or the Applicants pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.

Schedule “1”**Address of Monitor****To the Monitor:****Deloitte Restructuring Inc.**

8 Adelaide Street West, Suite 200

Toronto, ON, Canada, M5H 0A9

Attention: Jorden Sleeth and Richard Williams

Email:

jsleeth@deloitte.carichwilliams@deloitte.ca

with a copy to:

Borden Ladner Gervais LLP

Bay Adelaide Centre – East Tower

22 Adelaide Street West, Suite 3400

Toronto, Ontario M5H 4E3

Attention: Roger Jaipargas

Email: rjaipargas@blg.com

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC., SIMEX-IWERKS MYRTLE BEACH, LLC

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced at Toronto

INITIAL ORDER

LOOPSTRA NIXON LLP

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Lawyers for the Applicants

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC., SIMEX-IWERKS MYRTLE BEACH, LLC

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced at Toronto

NOTICE OF APPLICATION
(returnable January 19, 2024)

LOOPSTRA NIXON LLP

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Lawyers for the Applicants

TAB 2

Court File No.: <*>

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

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C., 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC.
SIMEX-IWERKS MYRTLE BEACH, LLC

(the “**Applicants**”)

**AFFIDAVIT OF MICHAEL NEEDHAM
(sworn January 17, 2024)**

January 17, 2024

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Lawyers for the Applicants

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Court File No.: ●

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SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC.
SIMEX-IWERKS MYRTLE BEACH, LLC

(the “**Applicants**”)

**AFFIDAVIT OF MICHAEL NEEDHAM
(sworn January 12, 2024)**

I, MICHAEL NEEDHAM, of the City of Toronto, in the Province of Ontario, **MAKE**

OATH AND SAY AS FOLLOWS:

I. OVERVIEW

1. I am the President and a director of each of SimEx Inc. (“**SimEx**”), Iwerks Entertainment, Inc. (“**Iwerks**”) and SimEx-Iwerks Myrtle Beach, LLC (“**SIMB**”; and together with SimEx and Iwerks, the “**Applicants**”). I founded each of the companies and have been intimately involved with their business and operations since inception and, as such, I have knowledge of the matters hereinafter deposed to. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.
2. I swear this affidavit in support of, among other things, an application by the Applicants for protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”).

3. More specifically, the Applicants are seeking an initial order (the “**Initial Order**”) for, *inter alia*:
- (a) a declaration that the Applicants are companies to which the CCAA applies;
 - (b) an initial stay of proceedings through to January 29, 2024 (the “**Stay Period**”);
 - (c) approval of the appointment of Deloitte Restructuring Inc. as monitor of the Applicants in the within proceedings (in such capacity, the “**Proposed Monitor**”);
 - (d) approval of an administration charge of USD \$500,000 (the “**Administration Charge**”), as detailed herein – including prescribed limitations during the initial Stay Period;
 - (e) approval of an interim loan facility (the “**DIP Loan**”) on terms of the interim loan agreement (the “**Dip Term Sheet**”) between the Applicants, as borrowers, and Royal Bank of Canada (“**RBC**”), as interim lender (the “**DIP Lender**”); and, an DIP financing charge in the amount of USD \$600,000 (the “**DIP Lender’s Charge**”), all as detailed herein – including prescribed limitations during the initial Stay Period;
 - (f) approval of a charge in favour of the current directors and officers of the Applicants in the amount USD \$300,000 (the “**D&O Charge**”), as detailed herein – including prescribed limitations during the initial Stay Period; and
 - (g) approval of a sale and investment solicitation process in respect of business and assets of the Applicants (a “**SISP**”), as detailed herein – including prescribed limitations during the initial Stay Period.

4. If the Initial Order is granted, the Applicants intend to return to Court on January 29, 2024 (the “**Comeback Hearing**”) to request an amended and restated initial order (the “**ARIO**”) that would:
 - (a) extend the Stay Period to allow the Applicants to fully implement the SISP and return to Court for approval of transaction(s) and/or the filing of any resultant plan.
5. For the reasons set out herein, I do verily believe that the Applicants are insolvent and are companies to which the CCAA applies.

II. URGENT NEED FOR RELIEF

6. The Applicants operate a unique business enterprise in the specialized “4D” motion rides and cinematic attractions space – producing and licensing 4D movies, designing and installing 4D theatres and operating a themed attraction. The Applicants are not in the business of “retail movies” (e.g., Hollywood releases at multiplex theatres) but, instead, operating in the “theatre attractions” space (e.g., customized 4D movies and theatres for particular attractions – such as museums, aquariums, libraries, government facilities, and themed attractions). These “theatre attractions” or “motion rides” rely heavily, if not exclusively, on tourism.
7. In past years, the Applicants have suffered losses primarily due to the COVID-19 pandemic (“**COVID**”), which crippled the industry during lockdowns and resulted in a slower-than-expected return to pre-COVID business levels. More problematic, however, was that immediately prior to COVID, the Applicants had invested significant time and effort in various projects that have been delayed or terminated coming out of COVID. Accordingly.

investments immediately prior to and early in COVID did not ripen into anticipated revenue streams. These projects are either “on hold” or amount to costs “thrown away”.

8. Presently, the Applicants are experiencing a liquidity crisis and, without the protections afforded by the CCAA and access to interim financing will be unable to satisfy payroll, rent, licensing and royalty fees and other go-forward obligations.
9. The Applicants have consulted with their senior secured lender, RBC, and the Proposed Monitor and determined that the best path towards an optimal outcome for all stakeholders will be achieved by entering creditor protection afforded by a stay of proceedings under the CCAA and accessing interim funding through RBC to stabilize the business and pursue a Court-supervised SISP.

III. OVERVIEW OF THE APPLICANTS

A. Background

10. As stated, the Applicants operate in the “4D” movie and theatre industry. This industry features custom formatted movies, typically for immersive screen viewing, and customized theatres which feature extra-sensory experiences (e.g., from embedded speakers to “rumble seats” to wind, water or other environmental elements). The aim of a “4D” movie and theatre is to make the audience feel like they are “in” the film.
11. SimEx was one of the founding members of this industry when I formed the company with Moses Znaimer in 1984. The company’s first project was the “Tour the Universe” Ride at the CN Tower.

12. In 2002, SimEx acquired California-based Iwerks Entertainment, Inc., centralising management in Canada and maintaining Iwerks as a wholly-owned operating subsidiary of SimEx in the US, based in Los Angeles and Baltimore.
13. In 2016, the Applicants incorporated SIMB, as a special purpose, wholly-owned operating subsidiary of Iwerks in South Carolina (discussed below).
14. The Applicants' products are featured in theatres and motion rides at tourist attractions in Canada and the US, as well as other places in the world. The Applicants have produced 4D films and have an active catalogue of more than 125 films available for license. The Applicants design and build theatre attraction facilities under contract. The Applicants also manage and operate theatre attraction facilities.

B. Corporate Structure

15. A copy of the Applicants' management organizational chart is attached hereto as **Exhibit "A"**.
 - i. SimEx*
16. SimEx is the parent company and directs all activities of the business enterprise. I am the president and sole director of SimEx.
17. SimEx is incorporated under the laws of the Province of Ontario. A corporation profile report for SimEx is attached hereto as **Exhibit "B"**.
18. SimEx is the production, design and manufacturing arm of the business enterprise. SimEx carries out three following primary functions:

- (a) **4D Film Production** – SimEx produces 4D film content for theatre attractions, by utilizing existing works under license which SimEx edits and formats for immersive experiences;
- (b) **Attraction Design, Manufacturing & Support** – SimEx designs all elements of its theatre attractions, each of which is tailored to suit the particular customer’s demands and limitations. SimEx then fabricates and installs all elements of the attractions and provides replacement service and support. SimEx provides attraction, design, manufacturing and support to customers around the world; however, the majority of these attractions are in North America and China; and
- (c) **Graphic Design** – SimEx provides tailored graphic design, production and support services for theatre attractions it has helped to design and build, for theatre attractions using its licensed films or, more rarely, for attraction operators simply requesting custom graphic design services.

19. All of SimEx’s services are marketed and sold directly, but also through Iwerks. In the latter case, the ultimate customer is a third-party and Iwerks acquires products and services from SimEx, who invoices and collects from Iwerks.

ii. Iwerks

20. Iwerks is a wholly-owned subsidiary of SimEx. I am the President and sole director of Iwerks.

21. Iwerks is incorporated under the laws of the State of Delaware. A corporate search for Iwerks is attached hereto as **Exhibit “C”**.

22. Iwerks is the sales and service arm of the business enterprise. Iwerks carries out three primary functions:

- (a) *Attraction Co-Ventures* – Iwerks partners with a theatre attraction owner/operator and provides all of the required equipment and the owner/operator provides and funds all other requirements (e.g., premises leases, insurance, employees). Attraction co-ventures typically proceed under a revenue sharing agreement with the owner/operator, but some are fixed fee agreements, paid over time;
- (b) *Licensing 4D Films* – Iwerks licenses 4D films to various attraction owner/operators in exchange for royalty revenues; and
- (c) *Customer Services* – Iwerks provides service and repairs, and tech services to co-venture partners and licensees.

23. Iwerks relies on SimEx for all its attraction equipment and 4D films, which SimEx invoices for and Iwerks, in turn, charges to its customers. Iwerks is wholly reliant on SimEx to continue its business.

iii. SIMB

24. SIMB is a wholly-owned subsidiary of Iwerks. I am the President and sole director of SIMB.

25. SIMB is incorporated under the laws of the State of South Carolina. A corporate search for SIMB is attached hereto as **Exhibit “D”**.

26. SIMB was incorporated for a single purpose. Iwerks had an opportunity to develop and operate a top-tier theatre attraction *without* a co-venture partner. Accordingly, SIMB was created to pursue this opportunity.
27. SIMB operates a licensed attraction in Myrtle Beach, South Carolina known as “The Simpsons in 4D”. The attraction comprises a theatre and convenience store/gift shop created to provide visitors with a 4D immersive movie and physical attraction experience based on “The Simpsons” cartoon series.
28. Like Iwerks, SIMB relies on SimEx for all its attraction design services, equipment and film content, for which SimEx invoices. SIMB is wholly reliant on SimEx to continue its business.

iv. Other Subsidiaries

29. In addition to Iwerks and SIMB, SimEx also has four (4) other subsidiaries – namely: 6618391 Canada Inc., 6618359 Canada Inc., Cinema 4D Inc. and SimEx Santa’s Late Inc. However, these subsidiaries were incorporated for specific film production projects which were completed or aborted. These subsidiaries are inactive. These subsidiaries (the “**Non-Applicant Subsidiaries**”) are not Applicants in these proceedings.

C. Places of Business and Facilities

30. The Applicants operate out of five leased facilities located in Canada and the US.

i. Corporate Office

31. Head office functions are largely conducted out of a 16,033 square-foot office space located at 210 King Street East Suite #600, Toronto, Ontario (the “**Corporate Office**”).

The Corporate Office functions primarily as a workspace for the Company's accounting and executive functions, including myself, the Chief Financial Officer and other members of the finance and management team. The graphic design team is also based in the Corporate Office. Prior to COVID, the Corporate Office also housed engineering, project management, architecture and sales teams. These teams have evolved to split time between the Production Facility (*as defined below*) and work-from-home. The Corporate Office is leased from Allied Properties by SimEx under a lease agreement dated October 14, 2017. SimEx pays rent for the Corporate Office of CAD \$68,671 per month, plus HST, and the lease term ends on March 31, 2028.

32. SimEx is currently one month in arrears under the Corporate Office lease.

ii. Production Facility

33. The design and production of attraction hardware and installations is conducted out of a warehouse located at 2299 Drew Rd, Mississauga, ON L5S 1A3 (the "**Production Facility**"). The Production Facility is a 28,512 square-foot warehouse and production facility with some office spaces. The Production Facility is leased from Desjardins Financial by SimEx under a lease agreement, most recently amended on July 16, 2020. SimEx pays rent for the Production Facility of CAD \$28,536 per month, plus HST, and the lease term ends on June 30, 2024.
34. SimEx is currently one month in arrears (CAD \$28,536 + HST) under the Production Facility lease.

iii. Distribution and Technical Services Office

35. The acquisition of film rights, the distribution and licensing of 4D films and attraction services is conducted by Iwerks out of an office located at 25030 Avenue Tibbitts, Suite F, Santa Clarita, California (the “**Distribution Office**”). The Distribution Office is a 4,320 square-foot office. The Distribution Office is leased from Rediger Investment Corporation by Iwerks under a lease agreement dated April 1, 2022. Iwerks pays rent for the Distribution Office of USD \$5,780 per month, plus applicable taxes. The lease term ends on February 28, 2025.
36. Iwerks is currently one month in arrears (USD \$5,780 + applicable taxes) under the Distribution Office lease.

iv. Attraction Co-Venture Office

37. The attraction co-venture division is conducted by Iwerks out of an office located at 600 Red Brook Boulevard, Suite 440, Owings Mills (Baltimore), Maryland (the “ACV Office”). The ACV Office is a 3,353 square-foot office. The ACV Office is leased from 600 Red Brook, LLC by Iwerks under a lease agreement dated June 2, 2021. Iwerks pays rent for the ACV Office of USD \$6,147 per month, plus applicable taxes. The lease term ends on July 31, 2026.
38. Iwerks is currently one month in arrears (USD \$6,147 + applicable taxes) under the ACV Office lease.

v. Attraction Site

39. The Simpson 4D experience is operated by SIMB from a rented property located at 1199 Celebrity Circle, Myrtle Beach, South Carolina (the “Attraction Site”). The Attraction Site

is an 8,800 square foot facility featuring an attraction site comprising a movie theatre and convenience store/gift shop. The Attraction Site is leased from Broadway at the Beach, Inc. (Burroughs & Chapin) by SIMB under a lease agreement dated May 12, 2017. SIMB pays rent for the Attraction Site of USD \$35,456 per month, plus applicable taxes. The lease term ends on June 28, 2028.

40. SIMB is currently two months in arrears (USD \$70,912) under the Attraction Site lease.

D. Employees

41. The Applicants currently employs seventy-six (76) individuals.
- (a) forty-seven employees work for SimEx, all are full-time;
 - (b) sixteen employees work for Iwerks, all are full-time;
 - (c) thirteen employees work for SIMB, including five full-time and eight part-time employees.
42. Employees are paid biweekly in arrears. The Applicants are current on all payments to employees except for expense reports that may not yet have been submitted. However, as stated above, without access to the interim DIP funding sought in these proceedings, the Applicants will be unable to fund payroll for the week of January 22, 2024.
43. None of the employees are unionized or otherwise subject to a collective bargaining agreement in connection with their employment with any Applicant.
44. The Applicants do not sponsor, administer or otherwise have any registered or unregistered pension plans for any Canadian or American employees. SimEx offers Canadian employees an RRSP contribution program. Iwerks offers a 401k plan administration to its American employees (extended to one salaried employee of SIMB). All payments under such plans are current.

45. The Company provides a standard group benefit plan to its employees that covers extended health care, dental care, life insurance, and accidental death and dismemberment insurance.
46. Additionally, the Applicants have several contactors and agents operating around the world. Agents are paid on a commission basis for sales.
47. The Applicants were forced to drastically reduce their staff during COVID. Once re-opening began, the Applicants began to rehire, but at a very conservative rate. The Applicants are presently operating at a minimal staffing levels and do not believe there is any more room for staff reductions, without imperiling the business and the prospect of a successful SISP.

E. Customers

48. The Applicants have a diverse set of customers which license and operate theatre attractions, in some cases for their own facilities and in other cases as service providers to third-parties. Although we have longstanding relationships with various customers, in the majority of cases, each film/project is the subject of a stand alone agreement for one or more of the services the Applicants provide. Equally, payment and license terms are on a case-by-case basis. In the case of most of Iwerks' co-ventures, the co-venture partner is obligated to license the Applicants' films for the duration of the co-venture agreement.

F. Key Suppliers

49. The Applicants have longstanding relationships with different film studios as suppliers of intellectual property. These dealings can be categorized broadly as follows:
- (a) *Licensing of Existing Films* – The Applicants will license from studio's existing films (often back catalogue titles) and edit such films to suit a 4D theatre attraction.

This includes both enhancing thematic elements of such films and shortening them for the purposes of a theatre attraction “ride”. In turn, the Applicants sublicense such films to end-users and pay royalties to the subject studio; and

- (b) *Original Licensed Content* – Although not as common as the licensing of existing films, the Applicants will from time to time create original content.

50. The Applicants key studio partners included Warner Brothers and Disney, each of whom are owed royalties.

G. Cash Management & Accounting

51. All finance and accounting functions of the business enterprise are directed by SimEx and, specifically, SimEx’s CFO.

52. In the ordinary course of business, the Applicants maintain accounts for SimEx through RBC in Canada, including a CAD Account, USD Account and distinct foreign exchange account for other currencies. In the US, independent accounts are maintained for Iwerks and SIMB through Wells Fargo.

53. All accounts are administered by SimEx’s finance department, headed by the CFO in Toronto, Ontario, including:

- (a) collection of accounts receivable from third parties;
- (b) administration of intercompany receivables (“**Intercompany Receivables**”);
- (c) disbursements to fund payroll and benefits, capital expenditures, maintenance costs, payments to inventory vendors and other service providers; and

(d) intercompany cash transfers and accounts amongst various Applicant entities (**“Intercompany Transfers”**).

54. Intercompany Receivables are amounts due and owing between the Applicants. Nearly all Intercompany Receivables are due to SimEx by Iwerks (with indirect receivables due from SIMB to Iwerks and, in turn, to SimEx). SimEx is not only the parent company and seat of control for the business enterprise but also the supplier of all products and services provided by its subsidiaries. SimEx has funded all the attraction equipment design, manufacturing and installation for Iwerks’ co-ventures and for the SIMB attraction, and the overwhelming proportion of films licensed by Iwerks. The costs of these supplies are recorded as intercompany accounts receivable/payable on the Applicants’ respective accounting records. SimEx also receives regular management fees, accounting fees and graphic design fees from its subsidiaries.
55. Intercompany Transfers are payments made by one Applicant to another. Intercompany Transfers are made on an “as needed” basis to ensure that each Applicant has sufficient working capital and liquidity to meet its needs. Intercompany Transfers are only recorded in the Applicants’ financial statements and are not recorded via promissory notes or other debt instruments.
56. The Applicants utilize five operating bank accounts. SimEx banks with the RBC in Canada. Iwerks and SIMB bank with Wells Fargo in the US (collectively, the **“Bank Accounts”**). An overview of the Bank Accounts is as follows:

- (a) RBC Canadian dollar account owned by SimEx (the “**RBC CAD Account**”). The RBC CAD Account receives CAD payments to SimEx, whether from Iwerks or a third-party, as well as to fund payroll, vendor payments, production costs and taxes;
- (b) RBC American dollar account owned by SimEx (the “**RBC USD Account**”). The RBC USD Account receives USD payments to SimEx, whether from Iwerks or a third-party, as well as to fund payroll, vendor payments and taxes;
- (c) RBC foreign exchange account owned by SimEx (the “**RBC Forex Account**”). The RBC Forex Account is used to receive foreign currency payments (i.e., non-CAD or non-USD) and converts the same into USD or CAD as required by SimEx;
- (d) Wells Fargo USD account owned by Iwerks (the “**Iwerks Account**”). The Iwerks Account is used to collect customer payments to Iwerks, as well as to fund payroll, vendor payments and taxes; and
- (e) Wells Fargo USD account owned by SIMB (the “**SIMB Account**”). The SIMB Account is used to fund SIMB payroll, vendor payments and taxes.

57. The Applicants propose to continue its existing cash management practices and use the Bank Accounts in the ordinary course during these proceedings, subject to the cash flow forecasts discussed herein and the oversight of the Proposed Monitor.

IV. **FINANCIAL CIRCUMSTANCES AND CASH FLOW FORECAST**

58. The Applicants’ fiscal year end is December 31st. Attached hereto as **Exhibit “E”** are the Applicants’ consolidated audited financial statements for the fiscal years ended 2021 and

2022, (collectively, the “**Financial Statements**”). In each year during such period, the Applicants have recorded annual losses of approximately USD \$3,000,000.

59. Financial statement for fiscal year 2023 are not complete. Attached hereto as **Exhibit “F”** is the most recently completely internal consolidated monthly statement for October 2023, which includes a year-to-date annual loss of approximately USD \$2,600,000.

60. The Applicants have insufficient funds to pay their obligations as they come due.

A. Assets

61. As at October 31, 2023, the Applicants, on a consolidated basis, had total assets of approximately USD \$26,500,000, consisting of approximately USD \$4,500,000 of current assets (accounts receivable, prepaid expenses and deposits, inventories, and HST refunds recoverable) and approximately USD \$26,500,000 of non-current assets (advanced royalties, property and equipment, attraction programs, product design and development, and intangible assets). Attached hereto as **Exhibit “G”** is a copy of the Applicants consolidated balance sheet as at October 31, 2023.

62. The following shows a breakdown of the Applicants’ assets as at October 31, 2023:

	Oct 31, 2023 (unaudited)
ASSETS	
Current	
Receivables	2,814,740
Inventories	903,427
Work in progress	71,800
Prepays	446,347
Current portion of advanced royalties	300,000
Total current assets	4,536,314
Long-term assets	
Advanced royalties	31,348
Property and equipment	12,627,994
Attraction programs	2,694,532
Product design and development	478,421
Goodwill	6,180,950
Total assets	26,549,559

B. Liabilities

63. As at October 31, 2023 the Applicants, on a consolidated basis, had liabilities totalling approximately USD \$29,600,000 consisting of approximately USD \$18,700,000 of current liabilities (bank indebtedness, accounts payable, lease liabilities, and current loan payables) and approximately USD \$10,800,000 of non-current liabilities (lease liabilities and long-term loan payables).

64. The following shows a breakdown of the Applicants' liabilities as of October 31, 2023:

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current	
Bank indebtedness	5,593,038
Payables and accruals	6,912,578
Income taxes payable	282,960
Deferred revenue	1,290,196
Current portion of bank term loans	1,391,245
Current portion of BCAP/HASCAP term loans	1,817,387
Current portion of BDC term loan	1,400,000
Total current liabilities	18,687,404
Long-term liabilities	
Bank term loans	3,562,299
BCAP/HASCAP term loans	2,236,671
BDC term loan	-
Other long-term liabilities	5,096,146
Total liabilities	29,582,520

C. Cash Flow Forecast

65. The Applicants, with the assistance of the Proposed Monitor, have prepared a projected, extended cash flow forecast (the “**Cash Flow Forecast**”) for the period ending May 3, 2024 that is premised on, among other things, the assumption that the Applicants will be granted CCAA protection and access to immediate DIP funding. I believe that the Cash Flow Forecast is a reasonable forecast of the Applicants’ cash flow for the next 15-week period. A copy of the Cash Flow Forecast is attached hereto as **Exhibit “H”**.

V. THE APPLICANTS’ CREDITORS

A. Secured Creditors

66. As of January 12, 2024, the Applicants’ have aggregate secured debt obligations of approximately USD \$16,100,000 summarized as follows:

- (a) approximately CAD \$6,757,555 due to RBC;
- (b) approximately USD \$9,633,782 due to RBC; and
- (c) approximately USD \$1,400,000 due to BDC Capital (*as defined below*)

i. RBC

67. RBC is the Applicants’ senior secured creditor, holding a senior secured interest against each of the Applicants’ assets, property and undertakings in Ontario, as well as in the US.

68. SimEx has banked with RBC for many years, amending its debt and security documents from time to time. Most recently SimEx, as borrower, executed an amended and restated loan agreement (the “**RBC Loan Agreement**”) with RBC dated March 31, 2023. A copy of the RBC Loan Agreement is attached hereto as **Exhibit “I”**.

69. Pursuant to the RBC Loan Agreement, the previous lending agreement was amended and restated and RBC agreed to provide four (4) credit facilities to SimEx:

- (a) a revolving demand facility in the maximum amount of USD \$6,000,000 by way of (i) CAD loans at an interest rate of RBC prime + 2.00%; (ii) USD loans at an interest rate of RBC US Base Rate + 2.00%; (iii) letters of credit in CAD and USD with fees on a transaction-by-transaction basis; and, (iv) letter of guarantee in CAD of USD with fees on a transaction-by-transaction basis;
- (b) a revolved facility in the maximum amount of USD \$5,500,000, available by way of series of loans, at an interest rate of RBC US Base Rate + 1.00%;
- (c) a multi-draw term loan in the maximum amount of CAD \$6,250,000, accessible by (i) RBC prime rate based loans at RBC prime + 2.00% and (ii) fixed term rate loans (with rates determined at time of conversion); and
- (d) a non-revolving term loan in the amount of CAD \$3,125,000, at any interest rate of 9.01%.

The facilities above are in addition to any leases or foreign exchange forward contracts outstanding with RBC, at any time. As well, the third and fourth facilities listed above were made possible with the support of the Export Development Canada (“**EDC**”) Business Credit Availability Program. I understand under this program EDC has guaranteed payment of these facilities (the “**EDC-Backed Facilities**”), subject to certain conditions. I also understand from discussion with our counsel, the Proposed Monitor and the bank, that RBC has consulted with EDC as concerns this filing and it is supportive. Each of the

Applicants (as well as the Non-Applicant Subsidiaries) were existing guarantors of SimEx's obligations to RBC and executed the RBC Loan Agreement confirming the continued validity and effectiveness of their respective guarantees.

70. The RBC Loan Agreement is governed by and is to be construed and interpreted in accordance with the laws of the Province of Ontario.
71. As security for the obligations under the RBC Loan Agreement, the Applicants reaffirmed all existing first-ranking security granted to RBC, including, among other things:
- (a) Iwerks' guarantee of all of SimEx's obligations to RBC dated June 29, 2018;
 - (b) Iwerks' specific guarantee of June 29, 2018, of the financing advanced under the EDC-Backed Facilities up to USD \$12,000,000 (I understand this was required under the applicable EDC program);
 - (c) SIMB's guarantee of all of SimEx's obligations to RBC, dated June 29, 2018;
 - (d) Iwerks' specific guarantee of June 29, 2018, of the financing advanced under the EDC-Backed Facilities up to USD \$12,000,000 (I understand this was required under the applicable EDC program);
 - (e) the Applicants' previously executed general security agreements in favour of RBC, granting to RBC a first-ranking charge on all of their present and after-acquired property;
 - (f) the existing assignment of insurance dated June 29, 2018, from SIMB in favour of RBC; and

- (g) the existing securities pledge dated February 14, 2007, pursuant to which SimEx pledged all of the shares in its subsidiaries to RBC (collectively, the “**RBC Security**”).

Copies of each document comprising the RBC Security are attached hereto as **Exhibit “J”**.

There are additional security documents relating to the Non-Applicant Subsidiaries but they same have been excluded here as such parties are not Applicants, not operating and have no assets.

72. As at January 12, 2024, the Applicants are jointly and severally indebted to RBC under the RBC Loan Agreement, secured by the RBC Security, in the approximate amounts of CAD \$6,757,555 and USD \$9,633,782.
73. In addition to the foregoing, on July 20, 2021, SimEx entered into a credit facility agreement with RBC in connection with the Business Development Bank of Canada’s Highly Affected Credit Availability Program (the “**HASCAP Credit Agreement**”), pursuant to which SimEx borrowed CAD \$1,000,000 at an annual interest rate of 4.0%, with monthly payments of principal and interest commencing thirteen months after drawdown and repayable in full on July 31, 2026. A copy of the HASCAP Credit Agreement is attached hereto as **Exhibit “K”**.
74. The obligations of SimEx under the HASCAP Loan Agreement are secured by the RBC Security.
75. The RBC Security is registered against SimEx and Iwerks in Ontario, under the *Personal Property Security Act* (“**PPSA**”) and against SimEx and SIMB in the US, under the *Uniform Commercial Code* (“**UCC**”).

76. As discussed below, RBC has a first-ranking security interest in respect of each of the Applicants, by reason of its registrations and intercreditor agreement with Applicants' other secured lender, BDC Capital Canada, a wholly-owned subsidiary of Business Development Bank of Canada ("**BDC Capital**").

RBC Demand

77. As of January 8, 2024 there is CAD \$6,758,710.52 and USD \$9,767,838.15 outstanding under the RBC Loan, plus costs continuing to accrue.

78. On January 12, 2024, RBC formally noted the Applicants in default and issued demand for repayment and notices of intention to forces security under Section 244 of the Bankruptcy and Insolvency Act. Copies of RBC's demand and notices are collectively attached and marked as **Exhibit "L"**.

79. Notwithstanding the forgoing, RBC has been supporting the Applicants. Since January 2, 2024, the Applicants have been in default of their payment obligations on the RBC Loan. And, as discussed herein, RBC is prepared to provide interim financing to facilitate the Applicants CCAA Proceedings.

ii. BDC CAPITAL

80. On June 15, 2018, SimEx, as borrower, entered into a commitment letter with BDC Capital as lender, which was further amended by letter agreement dated June 27, 2018 (collectively, the "**BDC Loan**"). Pursuant to the BDC Loan, BDC Capital agreed to advance USD \$2,500,000 in two tranches, at either (a) a floating interest rate of BDC Capital's USD floating base rate + 7.50% or (b) a fixed rate following the final advance, at the borrower's request, with interest rates to be determined at the time. The maturity date

was June 1, 2022. The purpose of the loan was to fund SimEx's construction of "The Simpson" 4D theatre attraction Myrtle Beach, SC, operated by SIMB, which was sold to SimEx's subsidiaries and recorded as intercompany receivables. Attached hereto as **Exhibit "M"** is a copy of the BDC Loan.

81. As security for the obligations under the BDC Loan, *inter alia*:
- (a) Iwerks executed a guarantee of all of SimEx's obligations to BDC Capital dated June 29, 2018;
 - (b) SIMB executed a guarantee of all of SimEx's obligations to BDC Capital dated June 29, 2018
 - (c) the Applicants each granted BDC Capital a charge on all of their present and after-acquired property, via general security agreements executed June 29, 2018; and
 - (d) an assignment of certain life insurance held by the Applicants in respect of my life; (collectively, the "**BDC Capital Security**"). Copies of each document comprising the BDC Capital Security (other than the assignment of life insurance, which I cannot locate at this time and was perhaps cancelled when I reached a certain age) is collectively attached hereto as **Exhibit "N"**.
82. As at January 12, 2024, the Applicants are jointly and severally indebted to BDC Capital under the BDC Loan, secured by the BDC Capital Security, in the approximate amount of USD \$1,410,000. As discuss below, BDC Capital has subordinated its security in favour of RBC.

iii. Equipment Financiers

83. In addition to the foregoing, the Applicants were also party to two secured equipment financings as follows:

(a) SimEx had financed the acquisition of certain office equipment (e.g., printers, 3D printers, digital presses, etc.) with Wells Fargo Equipment Finance Company, which financing was registered under the PPSA in respect of the subject equipment – however, SimEx previously returned this equipment and is not longer making payments to Wells Fargo Equipment Finance Company and, as such, this registration is of no effect and should be deleted; and

(b) SimEx had financed the acquisition of certain photocopier equipment with RCAP Leasing Inc., which was registered under the PPSA in respect of the subject equipment – however, SimEx previously returned this equipment and is no longer making payments to RCAP Leasing Inc. and, as such, this registration is of no effect and should be deleted;

84. SimEx is a party to an office equipment lease with De Lage Landen Financial Services Canada; however, to the best of my knowledge, they do not have any security interest.

85. As of the date of this affidavit, the Applicants are current on it equipment finance obligations.

B. No Other PPSA and UCC registrations; RBC ranks First

86. Aside from RBC and BDC Capital, there are no other parties with registered general security interests against any of the Applicants under the Ontario PPSA or the UCC.

Copies of the PPSA and UCC search reports in respect of each of the Applicants are collectively attached and marked as **Exhibit “O”**

87. On June 29, 2018, the Applicants, Non-Applicant Subsidiaries, RBC and BDC Capital executed an intercreditor agreement pursuant to which BDC Capital agreed to subordinate its security against the Applicants in favour of RBC, save and except for BDC Capital's interest in a corporate life insurance policy held by the Applicants, insuring my life. Attached hereto as **Exhibit “P”** is a copy of the intercreditor agreement.

C. Crown Obligations and Priority Claimants

88. SimEx is current on HST payments through to January 12, 2024.
89. Going forward, HST remittances will be paid as reflected in the projected cash flow.
90. The Applicants are also current on all source deductions and they are funded to the Applicants' payroll providers as part of the normal payroll cycle. However, if the Applicants cannot access immediate DIP funding, they will be unable to meet payroll obligations during the week of January 24, 2024.
91. The Applicants are current on all US source and tax obligations.

D. Unsecured Creditors

92. The Applicants have unpaid trade and other unsecured debt accrued in the normal course of business. As of January 12, 2024, the Applicants' accounts payable and accrued unsecured liabilities in excess of USD \$7,000,000.

VI. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. Need for CCAA Proceedings and Eligibility

93. As indicated in the Cash Flow Forecast, without interim financing, the Applicants will be unable to operate in the ordinary course and payroll obligations will not be met, to the detriment of their stakeholders.
94. In consultation with their advisors and RBC, the Applicants have determined that the CCAA process is the most beneficial plan of action to maximize value for the Applicants' stakeholders.
95. The Applicants have, on a consolidated basis, liabilities in excess of \$5,000,000.

B. Appointment of Monitor

96. The Applicants seek the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as monitor of the Applicants in these CCAA proceedings. Deloitte has reviewed, and assisted in the preparation of, the Cash Flow Forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.
97. As a result, Deloitte has developed critical knowledge about the Applicants, their business operations, financial challenges, strategic initiatives and restructuring efforts to date.
98. Deloitte has consented to act as the monitor, subject to Court approval. Attached as **Exhibit "Q"** hereto is a copy of Deloitte's consent to act as monitor.
99. Deloitte, in its capacity as Proposed Monitor, will be filing a report with the Court to provide additional information to support the relief sought.

Anticipated Chapter 15 Proceedings in USA

100. As detailed above, the Applicants operate an integrated business enterprise in Canada and the US, with centralised management in Canada and operating US subsidiaries. The

proposed SISP (detailed below) contemplates the marketing of investment and acquisition opportunities for the entirety of the business enterprise.

101. I understand from counsel that this will require recognition of these proceedings in the US, so as to efficiently facilitate the SISP. I also understand from counsel that such recognition must be sought under Chapter 15 of the United States *Bankruptcy Code* by a “foreign representative” of the Applicants.
102. The Applicants intend to request the Proposal Monitor seek standing in the US as such foreign representative for the purposes of obtaining such recognition, provided that in such capacity, the Proposed Monitor shall consult with the Applicants and their counsel in all respects.

C. Administration Charge

103. The Applicants seek a super-priority charge over the Applicants’ Property (as defined in the Initial Order) in favour of the monitor, counsel to the monitor and counsel to the Applicants (the “**Professionals Group**”), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order. The proposed Administration Charge being sought is for a maximum amount of USD \$500,000
104. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants’ restructuring efforts and will ensure that there is no unnecessary duplication of roles among them.
105. I also understand from counsel that the initial amount secured by the Administration Charge is limited by law to that amount required during the initial 10-day Stay Period. As

set out in the Cash Flow Forecast, the Applicants will require \$390,000 to fund professional fees during the initial Stay Period. Accordingly, although the Applicants are seeking approval of the full Administration Charge, the requested form of Initial Order will limit the Administration Charge to \$390,000 until the Comeback Hearing

106. I believe the quantum of the Administration Charge sought, both in respect of the initial 10-day Stay Period and for the expected duration of these proceedings, is reasonably necessary to secure the professional fees of the Professionals Group.
107. The Administration Charge will rank in priority ahead of all other claims.

D. DIP Loan and DIP Lender's Charge

108. As detailed above, the Cash Flow Forecast demonstrates that the Companies will require an immediate injection of funds to enable them to carry-on business during the restructuring process and fund working capital and the costs of these proceedings. Without immediate access to interim funding, the Applicants will be unable to meet payroll and satisfy imminent working capital needs.
109. RBC has agreed to provide debtor-in-possession financing to the Applicants substantially in accordance with the DIP Term Sheet, conditional on the Court approving the DIP Term Sheet and granting the DIP Lender's Charge. A copy of the proposed DIP Term Sheet is attached hereto and marked as **Exhibit "R"**. A summary of the salient provisions of the DIP Term Sheet is as follows:
- (a) a maximum principal amount of USD \$600,000 shall be made available under the DIP Term Sheet;

- (b) funding advanced under the DIP Term Sheet shall bear interest at a rate of RBC Prime + 2%;
- (c) advances under the DIP Term Sheet shall be made in response to written requests issued by the Applicants, provided that such request must (i) supported by the Proposed Monitor and (ii) in accordance with the Cash Flow Forecast (and any revised forecast);
- (d) any funding request representing any major deviation from the established cash flow forecast or as a result of an extraordinary event shall require the consent of RBC;
- (e) the DIP Terms Sheet is conditional on the Court approving and authorizing the same and granting a super-priority DIP Lender's Charge against the assets, property and undertakings of the Applicant to secure all obligations of the Applicants under the DIP Term Sheet, which shall rank subordinate only the Administration Charge (*as defined below*), but in priority to all other claims and encumbrances.; and
- (f) the DIP Term Sheet shall mature and be fully repayable upon, *inter alia*, default, in the event the stay of proceedings under the CCAA is lifted without the DIP Lender's consent, which shall not be unreasonably withheld; or, the proceedings under the CCAA are terminated.

110. In addition to the forgoing, the availability of funding under the DIP Term Sheet is conditional on (a) the commencement of the SISF immediately following the issuance of

the Initial Order and (b) satisfaction of the milestones set out in the SISP, which are detailed in Part VI, Section G below.

111. I understand from counsel that such terms are consistent with prevailing practices in insolvency proceedings. The Applicants believe that the terms of the DIP Term Sheet are reasonable, necessary and appropriate in the circumstances, and should be approved. In the absence of the DIP funding, the Applicant will not be able to conduct the SISP and will be forced to shut down the business and commence a liquidation of its assets, resulting in the loss of value and jobs detrimental to all of the Applicants creditors and stakeholders.
112. I also understand from counsel that the Applicants' initial access to funding under the DIP Term Sheet is limited by law to that amount required during the initial 10-day Stay Period. As set out in the Cash Flow Forecast, the Applicants will require USD \$600,000 in DIP funding during this initial Stay Period. Accordingly, although the Applicants are seeking approval of the full amount of the proposed borrowings under the DIP Term Sheet and DIP Lender's Charge, the requested form Initial Order will limit access to interim funding to \$200,000 until the Comeback Hearing.
113. The DIP Lender's Charge will rank in priority ahead of all other claims, but behind the Administration Charge.

E. Directors' and Officers' Charge

114. To ensure the ongoing stability of the Applicants during this CCAA proceeding, they require the continued participation of their officers and directors. The officers and directors have skills, knowledge and expertise, as well as established relationships with various stakeholders that will contribute to a successful path forward.

115. The Applicants' have a director's insurance policy which I understand provides coverage for certain claims and liabilities that may arise. However, the policy contains exclusions and exceptions to such coverage. The Applicants' ordinary course operations give rise to potential director or officer liability, including payroll and sales tax. To address legitimate concerns with respect to their potential exposure, the directors and officers have requested reasonable protection against personal liability that might arise during the post-filing period.
116. Accordingly, to ensure the continued participation of their officers and directors, the Applicants are seeking a super-priority D&O Charge over all of the assets, property to and undertakings in the maximum amount of USD \$300,000, to secure the Applicants' obligation to indemnify the directors against certain claims. The quantum of the proposed D&O Charge was developed in consultation with the Proposed Monitor and is based on three weeks of Canadian payroll costs and two weeks of American payroll costs, plus outstanding vacation pay. I understand from counsel that this consistent with prevailing insolvency practice. In the circumstances, I believe is the approval of the D&O Charge, and the quantum of the same, is necessary and appropriate.
117. I understand from counsel that the Applicants initial amount secured by a D&O Charge is limited by law to that amount required during the initial 10-day Stay Period. In consultation with the Proposed Monitor, the Applicants have determined that such amount is approximately \$230,000 – which covers payroll during such time. Accordingly, although the Applicants are seeking approval of the full D&O Charge, the requested form of Initial Order will limit the D&O Charge to \$490,000 until the Comeback Hearing.

118. The D&O Charge will rank in priority ahead of all other claims, but behind the Administration Charge and the DIP Lender's Charge.

F. SISP

119. In consultation with counsel, RBC and the Proposed Monitor, the Applicants have determined that, given the severely underfunded nature of Applicants, in order to maximum its change of successful SISP, the same must begin immediately following the granting of the Initial Order.

120. For this reason, the Applicant is seeking approval of the SISP in the Initial Order. However, activities during the first 10 days of the SISP, corresponding with the initial Stay Period under the CCAA, will be limited to preparation of all necessary diligence materials and identification of potentially interested parties, in order to be in a position to launch the SISP immediately following the Comeback Hearing, assuming the Stay Period is extended to permit the same.

121. A hereto and marked as **Exhibit "S"** are the proposed SISP procedures and milestones. A summary of the key provisions of the SISP is a follows:

- (a) immediate preparatory steps following the issuance of the Initial Order, including identification of potentially interested investors and potentially interested purchasers;
- (b) an active, public launch of the process immediately following the issuance of the ARIQ;
- (c) solicitation of interest on an "as is, where is" basis;
- (d) a forty-five (45) day period for marketing and due diligence;
- (e) a target offer/bid deadline of March 14, 2024;
- (f) a potential auction where there appropriate;

- (g) negotiation of a final successful offer; and
- (h) Court approval of the successful offer, recommended by the Monitor, and closing;

122. The following is a summary of the anticipated material milestones, projected timelines and targeted deadlines of the SISP:

Milestone	Timeline	Targeted Deadline
Commencement date	Immediately following the approval of the SISP Process	January 19, 2024
Preparation of SISP materials (i.e., Teaser, Investment Memorandum, Buyer list, Notices for trade publication, NDA, populate EDR)	10 days	January 29, 2024
Bid Deadline	45 days	March 14, 2024
Auction Date (if applicable)	1 day	March 21, 2024
Finalize Transaction agreement	7 days	March 29, 2024
Sale Approval Motion (as defined below) in CCAA Court		April 19, 2024 (outside date)
Closing of the Transaction		May 3, 2024 (outside date)

Notwithstanding the foregoing, the SISP contemplates that the above deadlines may be extended, where the Monitor believes the same to be appropriate.

123. The SISP has been developed with the Proposed Monitor and has the support of all key stakeholders. I understand from counsel that the terms of the SISP are consistent with prevailing insolvency practices and will provide a transparent process to maximize value of the stakeholders. The Applicants believe that, in the circumstances, the SISP is appropriate and reasonable.

G. Stay of Proceedings

124. Given the challenges faced by the Applicants described herein, the Applicants require a stay of proceedings to maintain the status quo and to give the Applicants the breathing space they require to develop a restructuring plan in consultation with their advisors and the Monitor.

H. Relief to be Sought at Comeback Hearing

125. If the Initial Order is granted, then the Applicants propose to return to this Court for a comeback hearing on January 29, 2024.
126. At the Comeback Hearing, the Applicants intend to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Applicants' stakeholders, this section highlights that, at the Comeback Hearing, the Applicants shall only seek an extension to the Stay Period for a sufficient length of time to allow the Applicants to implement the SISP and return to Court for approval of transaction(s) or the filing of any resultant plan.
127. The Applicants may seek additional relief if determined to be necessary or advisable.

VII. CONCLUSION

128. The Applicants, with the assistance of their legal advisors, and in consultation with RBC and the Proposed Monitor, have determined that the proposed CCAA proceedings represent the best available strategy to maximize value for the Applicants' stakeholders.
129. I swear this affidavit in support of an Application under the CCAA for an Initial Order in the form contained at Tab 1-A of the Application Record, and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 17th day of
January, 2024 in accordance with O. Reg.
431/20 Administering Oath or Declaration
Remotely



Commissioner for Taking Affidavits


Shahrzad Hamraz



MICHAEL NEEDHAM

TAB A

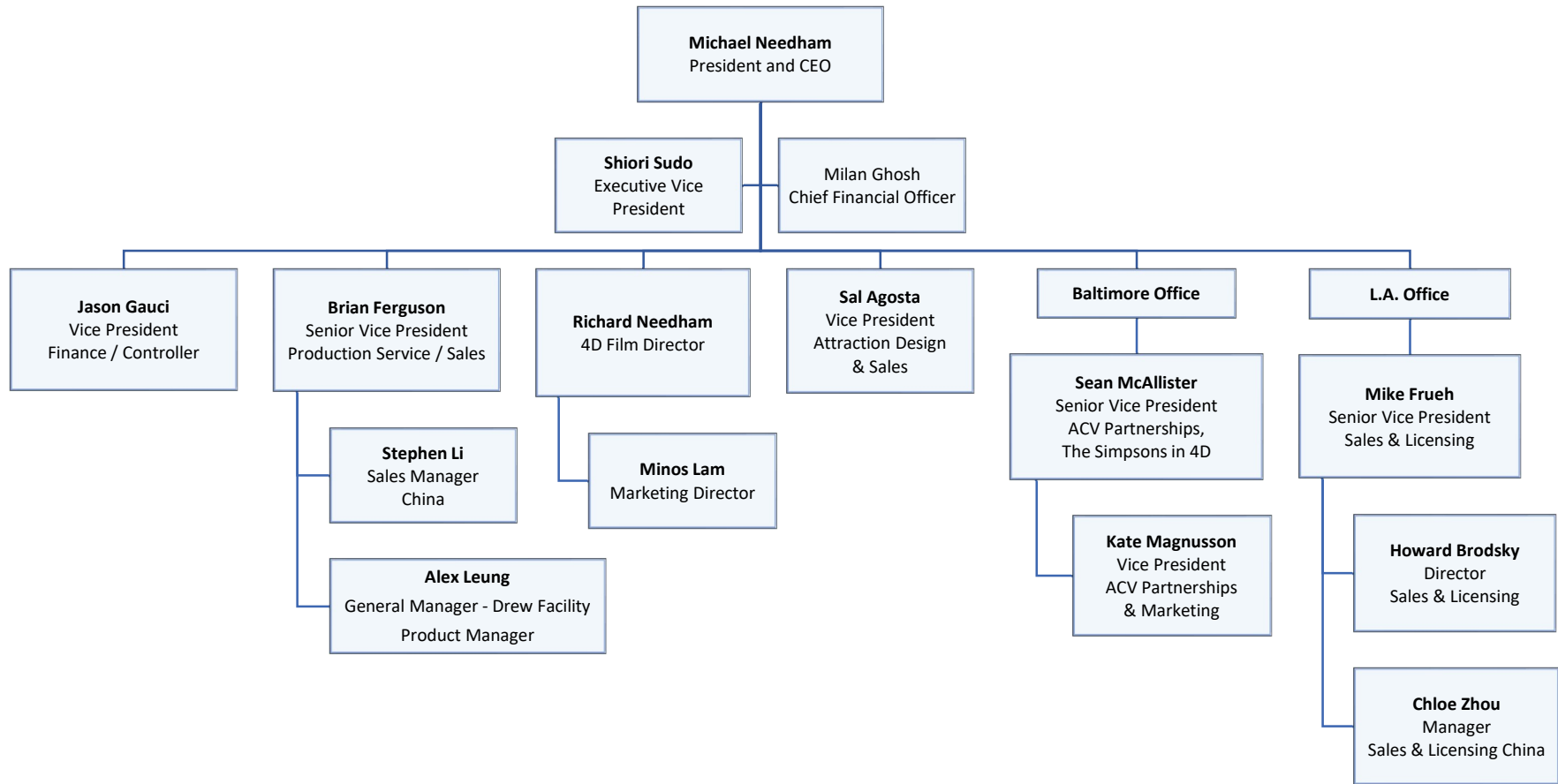
This is Exhibit "A" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'D. Kelly', written over a solid horizontal line.

A commissioner for taking affidavits.



Management Organization Chart



TAB B

This is Exhibit "B" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to read "S. Lamy", is written over a solid horizontal line.

A commissioner for taking affidavits.

Ministry of Public and
Business Service Delivery

Profile Report

SIMEX INC. as of January 02, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	SIMEX INC.
Ontario Corporation Number (OCN)	1035222
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	July 01, 1993
Registered or Head Office Address	210 King St East, 600, Toronto, Ontario, Canada, M5A 1J7

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

A handwritten signature in black ink, appearing to read "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 Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name TIM BALKIN
Address for Service 259 Wellingwood Dr, East Amherst, New York, United States,
14051
Resident Canadian No
Date Began January 01, 2004

Name PEGGY BENNETT
Address for Service 25 Magnolia St, Brantford, Ontario, Canada, N3R 1P9
Resident Canadian Yes
Date Began February 14, 2007

Name DONALD R. GORDON
Address for Service 103 Laurel Crest Road, Madison, Connecticut, United States,
06443
Resident Canadian No
Date Began September 23, 1996

Name DONALD R GORDON
Address for Service 103 Laurel Crest Road, Madison, Connecticut, United States,
06443
Resident Canadian No
Date Began September 23, 1996

Name JEREMY KENDALL
Address for Service 17121 Mississauga Rd, Belfountain, Ontario, Canada, L0N
1B0
Resident Canadian Yes
Date Began December 05, 2017

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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Name MICHAEL LEVINE
Address for Service 386 Huron St, Toronto, Ontario, Canada, M5S 2G6
Resident Canadian Yes
Date Began February 14, 2007

Name MICHAEL J. NEEDHAM
Address for Service 6 Warren Road, Toronto, Ontario, Canada, M4V 2R5
Resident Canadian Yes
Date Began July 01, 1993

Name MICHAEL J NEEDHAM
Address for Service 210 King Street East, 600, Toronto, Ontario, Canada, M5A 1J7
Resident Canadian Yes
Date Began July 01, 1993

Name BRIAN R. PEEBLES
Address for Service 1361 Goldthorpe Road, Mississauga, Ontario, Canada, L5G 3R2
Resident Canadian Yes
Date Began July 23, 1993

Name BRUCE C. WYLIE
Address for Service 3 Chapel Road, Toronto, Ontario, Canada, M4W 1G2
Resident Canadian Yes
Date Began July 08, 1999

Name MOSES ZNAIMER
Address for Service 15 Olympus Avenue, Toronto, Ontario, Canada, M6S 1L2
Resident Canadian Yes
Date Began May 08, 1997

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 Officer(s)

Name KEVIN DENNIS
Position Vice-President
Address for Service 210 King Street East, 600, Toronto, Ontario, Canada, M5A 1J7
Date Began January 01, 2002

Name MILAN GHOSH
Position Chief Financial Officer
Address for Service 210 King Street East, 600, Toronto, Ontario, Canada, M5A 1J7
Date Began July 01, 2018

Name MICHAEL J. NEEDHAM
Position Chief Executive Officer
Address for Service 6 Warren Road, Toronto, Ontario, Canada, M4V 2R5
Date Began July 01, 1993

Name MICHAEL J. NEEDHAM
Position Chairman
Address for Service 6 Warren Road, Toronto, Ontario, Canada, M4V 2R5
Date Began July 01, 1993

Name MICHAEL J. NEEDHAM
Position President
Address for Service 6 Warren Road, Toronto, Ontario, Canada, M4V 2R5
Date Began July 01, 1993

Name MICHAEL J NEEDHAM
Position Chief Executive Officer
Address for Service 210 King Street East, 600, Toronto, Ontario, Canada, M5A 1J7
Date Began July 01, 1993

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V. Quintanilla W.

Director/Registrar

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Name MICHAEL J NEEDHAM
Position President
Address for Service 210 King Street East, 600, Toronto, Ontario, Canada, M5A 1J7
Date Began July 01, 1993

Name BRIAN R. PEEBLES
Position Assistant Secretary
Address for Service 1361 Goldthorpe Road, Mississauga, Ontario, Canada, L5G 3R2
Date Began July 01, 1993

Name SHIORI SUDO
Position Vice-President
Address for Service 210 King Street East, 600, Toronto, Ontario, Canada, M5A 1J7
Date Began July 01, 1993

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V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name	SIMEX INC.
Effective Date	September 02, 1994
Previous Name	INTERACTIVE SIMULATION INC.
Effective Date	July 01, 1993

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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Amalgamating Corporations**Corporation Name**
Ontario Corporation NumberINTERACTIVE SIMULATION INC.
964005**Corporation Name**
Ontario Corporation NumberAQUAPORT INC.
964004

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

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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.

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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Document List

Filing Name	Effective Date
Annual Return - 2020 PAF: MILAN GHOSH - OTHER	January 26, 2021
Annual Return - 2019 PAF: MILAN GHOSH - OTHER	March 22, 2020
Annual Return - 2018 PAF: MILAN GHOSH - OTHER	January 19, 2020
Annual Return - 2018 PAF: MILAN GHOSH - OTHER	March 13, 2019
CIA - Notice of Change PAF: MILAN GHOSH - OFFICER	July 11, 2018
Annual Return - 2017 PAF: MILAN GHOSH - OTHER	December 24, 2017
Annual Return - 2016 PAF: MILAN GHOSH - OTHER	April 30, 2017
Annual Return - 2015 PAF: MILAN GHOSH - OTHER	May 22, 2016
Annual Return - 2014 PAF: MILAN GHOSH - OTHER	July 04, 2015
Annual Return - 2013 PAF: MILAN GHOSH - OTHER	October 18, 2014
Annual Return - 2013 PAF: MILAN GHOSH - OTHER	January 25, 2014
Annual Return - 2012 PAF: MILAN GHOSH - OTHER	October 05, 2013
Annual Return - 2011 PAF: MILAN GHOSH - OTHER	December 15, 2012

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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Annual Return - 2010 PAF: MILAN GHOSH - OTHER	January 21, 2012
Annual Return - 2009 PAF: MILAN GHOSH - OTHER	January 22, 2011
Annual Return - 2008 PAF: KEVIN DENNIS	May 09, 2009
Annual Return - 2007 PAF: KEVIN DENNIS	April 05, 2008
Annual Return - 2006 PAF: KEVIN DENNIS	January 12, 2008
Annual Return - 2006 PAF: KEVIN DENNIS	May 05, 2007
BCA - Articles of Amendment	February 13, 2007
Annual Return - 2004 PAF: KEVIN DENNIS	January 28, 2006
Annual Return - 2003 PAF: KEVIN DENNIS - OTHER	January 28, 2006
Annual Return - 2002 PAF: BRAD WISEMAN - OTHER	August 31, 2003
Annual Return - 2001 PAF: BRAD WISEMAN - OTHER	September 22, 2002
Annual Return - 2001 PAF: BRAD WISEMAN - OTHER	September 09, 2002
CIA - Notice of Change PAF: BRIDGETTE CLARK - OTHER	November 27, 2000
CIA - Notice of Change PAF: BRIDGETTE CLARK - OTHER	November 17, 2000
CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	September 10, 1999

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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CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	November 23, 1998
BCA - Articles of Amendment	January 16, 1998
CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	November 18, 1997
CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	September 23, 1997
CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	April 16, 1997
CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	January 09, 1997
BCA - Articles of Amendment	November 13, 1996
CIA - Notice of Change PAF: JEAN D. DUGUAY - OTHER	August 06, 1996
CIA - Notice of Change PAF: KEVIN R. DENNIS - OTHER	May 23, 1996
BCA - Articles of Amendment	September 02, 1994
CIA - Notice of Change PAF: MARY-JANE GOVERS - OTHER	September 27, 1993
CIA - Initial Return PAF: MARY-JANE GOVERS - OTHER	September 27, 1993
BCA - Special Resolution	September 27, 1993
BCA - Articles of Amendment	July 23, 1993
BCA - Articles of Amalgamation	July 01, 1993

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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TAB C

This is Exhibit "C" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'S. K. King', written over a solid horizontal line.

A commissioner for taking affidavits.

State of Delaware

111

Annual Franchise Tax Report

CORPORATION NAME			TAX YR.
IWERKS ENTERTAINMENT, INC.			2022
FILE NUMBER	INCORPORATION DATE	RENEWAL/REUOCATION DATE	
2346681	1993/08/06		
PRINCIPAL PLACE OF BUSINESS			PHONE NUMBER
25040 AVENUE TIBBITTS			661-678-1800
SUITE F			
SANTA CLARITA 91355			
REGISTERED AGENT			AGENT NUMBER
THE CORPORATION TRUST COMPANY			9000010
CORPORATION TRUST CENTER			
1209 ORANGE ST			
WILMINGTON DE 19801			
AUTHORIZED STOCK	DESIGNATION/ STOCK CLASS	NO. OF SHARES	PAR VALUE/ SHARE
BEGIN DATE	END DATE		
2002/01/09		1,000	\$0.01
OFFICER	NAME	STREET/CITY/STATE/ZIP	TITLE
MILAN GHOSH		210 KING ST E	CHIEF
		SUITE 600	FINANCE
		TORONTO M5A1J7 CANADA	OFFICER
DIRECTORS	NAME	STREET/CITY/STATE/ZIP	
MICHAEL NEEDHAM		210 KING ST E	
		SUITE 600	
		TORONTO M5A1J7 CANADA	
<p><i>NOTICE: Pursuant to 8 Del. C. 502(b), If any officer or director of a corporation required to make an annual franchise tax report to the Secretary of State shall knowingly make any false statement in the report, such officer or director shall be guilty of perjury.</i></p>			
AUTHORIZED BY (OFFICER, DIRECTOR OR INCORPORATOR)		DATE	TITLE
MILAN GHOSH		2023/02/28	CHIEF FINANCE
210 KING ST E			OFFICER
SUITE 600			
TORONTO M5A1J7			
CA			

TAB D

This is Exhibit "D" referred to in the affidavit of Michael Needham subscribed and sworn to before me, this 17 day of January 2024.

A handwritten signature in black ink, appearing to read 'K. Amy', is written over a solid horizontal line.

A commissioner for taking affidavits.

REGISTERED ENTITY INFORMATION / STATUS REPORT

Name Searched: SIMEX-IWERKS MYRTLE BEACH, LLC
Jurisdiction Searched: SC - Secretary of State
Date of Search: 01/12/2024
Reference Number: (33501-0001)/TR1434147

IMPORTANT: The following information about the entity was obtained from a search of the filing office's computerized, searchable index and is reflected below to the extent that such information was available from the index. Copies of the formation documents and amendments should be obtained to verify the exact name of the organization. A Certificate of Good Standing should also be obtained to verify the state status.

REGISTERED ENTITY INFORMATION

Organization Name: SIMEX-IWERKS MYRTLE BEACH, LLC
Organization Type: LLC
Home State: South Carolina
Organizational / Charter #: 00458416
Formation / Qualification Date: 09/14/2016
State Status: GOOD STANDING
Registered Agent: Other

ADDITIONAL INFORMATION (IF AVAILABLE)

Other: Documents on file:
Articles of Organization - Filed 09/14/2016

Capitol Services obtained all information contained in this report from public information compiled, maintained, and indexed by state and local agencies. Capitol Services cannot independently verify the accuracy of the information available through state and local agencies and makes no effort to do so. Capitol Services, therefore, makes no express or implied warranties, guarantees, or representations as to the accuracy or completeness of the information provided. All liability shall be limited to the amount of the fee paid for services, and Capitol Services expressly disclaims liability with respect to actions taken or not taken based on the information provided, including any errors or omissions contained in such information.

TAB E

This is Exhibit "E" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'S. King', written over a solid horizontal line.

A commissioner for taking affidavits.



Consolidated Financial Statements

SimEx Inc.

December 31, 2021



Contents

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Independent Auditor's Report	1 - 2
Consolidated Statement of Operations	3
Consolidated Statement of Deficit	4
Consolidated Balance Sheet	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 25

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

To the Shareholders of
SimEx Inc.

Opinion

We have audited the consolidated financial statements of SimEx Inc. (the "Company"), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated statements of operations, deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of SimEx Inc. as at December 31, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Without modifying our opinion, we draw attention to Note 2 of the consolidated financial statements, which states that the Company has experienced a net loss of \$3,122 in fiscal 2021 and that at December 31, 2021, had accumulated a deficit of \$21,805. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
April 22, 2022



Chartered Professional Accountants
Licensed Public Accountants

SimEx Inc.

Consolidated Statement of Operations

(U.S. Dollars in thousands, unless otherwise noted)

	Year ended December 31 2021	Six months ended December 31 2020
Revenue (Note 16)	\$ 15,844	\$ 5,663
Cost of sales, selling and administrative expenses	(17,664)	(6,943)
Impairment loss on property and equipment	-	(1,300)
Loss before the undernoted	(1,820)	(2,580)
Financing and foreign exchange		
Interest expense		
Interest on bank indebtedness	211	169
Interest on long-term debt	800	303
Other interest (Note 10)	265	173
Foreign exchange loss	26	346
	1,302	991
Net loss	\$ (3,122)	\$ (3,571)

See accompanying notes to the consolidated financial statements.

SimEx Inc.
Consolidated Statement of Deficit

(U.S. Dollars in thousands, unless otherwise noted)

	Year ended December 31 2021	Six months ended December 31 2020
Deficit, beginning of year	\$ (18,683)	\$ (15,112)
Net loss	<u>(3,122)</u>	<u>(3,571)</u>
Deficit, end of year	<u>\$ (21,805)</u>	<u>\$ (18,683)</u>

See accompanying notes to the consolidated financial statements.

SimEx Inc.

Consolidated Balance Sheet

(U.S. Dollars in thousands, unless otherwise noted)

December 31

2021

2020

Assets

Current

Receivables (Note 4)	\$ 3,610	\$ 5,450
Inventories (Note 5)	1,770	1,405
Prepays	462	479
Current portion of advanced royalties	<u>350</u>	<u>300</u>
	6,192	7,634

Advanced royalties	596	1,004
Long-term assets (Note 6)	18,538	19,760
Goodwill	<u>6,181</u>	<u>6,181</u>
	\$ 31,507	\$ 34,579

Liabilities

Current

Bank indebtedness (Note 7)	\$ 3,903	\$ 5,209
Payables and accruals (Note 8)	6,241	8,034
Income taxes payable	288	281
Deferred revenue	931	2,117
Current portion of long-term debt (Note 9)	<u>3,467</u>	<u>3,075</u>
	14,830	18,716

Long-term debt (Note 9)	9,306	7,535
Other long-term liabilities (Note 10)	<u>4,811</u>	<u>2,646</u>
	28,947	28,897

Shareholders' Equity

Share capital (Note 12)	23,422	23,422
Contributed surplus	943	943
Deficit	<u>(21,805)</u>	<u>(18,683)</u>
	2,560	5,682
	\$ 31,507	\$ 34,579

Share purchase obligation (Note 12) and Commitments (Note 13)

On behalf of the Board of Directors

_____ Director _____ Director

See accompanying notes to the consolidated financial statements.

SimEx Inc.

Consolidated Statement of Cash Flows

(U.S. Dollars in thousands, unless otherwise noted)

	Year ended December 31 2021	Six months ended December 31 2020
Decrease (increase) in bank indebtedness		
Operating activities		
Net loss	\$ (3,122)	\$ (3,571)
Add items not involving cash		
Amortization (Note 14)	2,577	784
Impairment loss on property and equipment	-	1,300
Other interest expense	265	173
Provision for future employee benefit (Note 10)	2,000	-
Foreign exchange loss (gain) on the translation of long-term liabilities	(3)	307
Change in non-cash working capital balances related to operations (Note 14)	<u>(1,300)</u>	<u>(1,872)</u>
Cash provided by (used in) operating activities	<u>417</u>	<u>(2,879)</u>
Financing activities		
Proceeds from long-term debt	4,588	2,846
Repayment of long-term debt	(2,422)	(1,906)
Proceeds from shareholder loan	-	256
SR&ED tax credits received, net	<u>78</u>	<u>-</u>
Cash provided by financing activities	<u>2,244</u>	<u>1,196</u>
Investing activities		
Property and equipment	(683)	(15)
Attraction programs	(569)	(52)
Product design and development	<u>(103)</u>	<u>-</u>
Cash used in investing activities	<u>(1,355)</u>	<u>(67)</u>
Net decrease (increase) in bank indebtedness	1,306	(1,750)
Bank indebtedness, beginning of year	<u>(5,209)</u>	<u>(3,459)</u>
Bank indebtedness, end of year	<u>\$ (3,903)</u>	<u>\$ (5,209)</u>

See accompanying notes to the consolidated financial statements.

SimEx Inc.

Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

1. Nature of operations

SimEx Inc. (the "Company") is incorporated under the Ontario Business Corporations Act. The Company is in the business of designing, engineering, manufacturing, integrating, installing and servicing simulator and special effects attraction equipment and technologies which it sells or leases on a worldwide basis and producing and distributing programs for those attractions.

The Company sells and installs the following attraction equipment: 2D/3D/4D theatres, 4D Fly theatres, simulation attractions and 3D/4D special effects theatres. The Company also distributes its extensive library of attraction programs to ride simulation, large format and specialty theatres and provides worldwide equipment services to these attractions. The Company also owns and operates a Simpsons branded theatre and retail space in Myrtle Beach, South Carolina.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has experienced net losses since June 2019, the Company's current liabilities significantly exceed its current assets, and at December 31, 2021, the Company has a deficit of \$21,805. The Company is dependent on earning sufficient positive cash flow from future operations so that it can repay the required long-term debt principal and interest. The Company's net loss for the year and cash shortages are mainly due to the consequences of the COVID-19 pandemic having materially and adversely affected the ability of theatres to operate and generate rental and licensing fees.

With the support from its lenders and Export Development Canada ("EDC"), the Company is able to project positive cash flows in 2022. The Company has received government assistance and will continue doing so in 2022. Operating expenses are being managed in line with the current operating environment. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

3. Summary of significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements:

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises.

Principles of consolidation

The Company consolidates the accounts of its wholly-owned subsidiaries based in the United States, Iwerks Entertainment Inc. ("Iwerks") and SimEx-Iwerks Myrtle Beach, LLC. All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates. Significant estimates made by management include calculation of reserves for uncollectible accounts, reserve for inventory obsolescence and excess inventory, percentage of completion of uncompleted contracts, future income tax assets, useful life of long-lived assets and the permanent impairment, if any, in the value of long-lived assets.

Cash and bank indebtedness

Cash and bank indebtedness include cash on hand and balances with banks, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn. Bank borrowings are considered to be financing activities.

Inventories and billings on uncompleted contracts in excess of revenue recognized

Inventories of raw materials and parts are valued at the lower of cost, determined on an average cost basis, and replacement cost.

Costs on uncompleted fixed price equipment contracts include cost of materials, direct labour applied to the product, an allocation of overhead and profit recognized on the contract to date. Costs on uncompleted contracts in excess of billings are classified as inventories on the consolidated balance sheet. Billings on uncompleted contracts in excess of revenue recognized are classified as deferred revenue on the consolidated balance sheet. Any losses on such contracts are charged to operations at the time they become evident.

SimEx Inc.

Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

3. Summary of significant accounting policies (continued)

Advanced royalties

Advanced royalties arise when cumulative royalty advances exceed cumulative royalty payables on film program revenues and merchandise sales at the corporate attraction. Most advanced royalties are from non-refundable minimum guarantees in licensing agreements.

Impairment of long-lived assets

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized.

Property and equipment

(a) Office and warehouse

Office and warehouse equipment are recorded at cost less accumulated amortization. These assets are amortized over their estimated useful life utilizing the following bases:

Office and warehouse equipment	-	3 to 10 years straight-line
Leasehold improvements	-	straight-line over the term of the lease

(b) Attraction equipment

Attraction equipment is recorded at cost less accumulated amortization and is amortized on a straight-line basis over periods ranging from five to twenty years. Amounts paid as contributions towards costs incurred by co-venture partners (usually facility costs at the site venue) are amortized over the fixed term of the related rental agreement.

(c) Corporate attraction

The corporate attraction includes leasehold improvements and attraction equipment. The leasehold improvements are recorded at cost less accumulated amortization and are amortized on a straight-line basis over periods of up to thirty years. Attraction equipment is as described above.

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

3. Summary of significant accounting policies (continued)**Attraction programs**

Attraction program assets consist of short action programs suitable for the Company's attraction equipment and represent the unamortized cost of programs produced by the Company or for which the Company has acquired distribution and exhibition rights. Such costs include all production related costs and an allocation of specific identifiable overhead costs which are expected to be recovered from future revenue net of any estimated future costs.

Amortization is determined for individual programs based on the ratio that current revenue earned from the program bears to future expected aggregate revenue. Based on management's estimate of gross future revenue at year end, it is expected that the investment in attraction programs will be amortized over periods not exceeding 10 years. Amortization is not taken on programs in development.

A program is written down to fair value if the fair value is less than the unamortized cost. A discounted cash flow model is used to estimate fair value taking into account the total future revenue expected to be earned from a program less directly attributable costs. Due to the long-term nature of assumptions inherent in estimating future revenue, it is possible the estimated remaining useful life of programs could be reduced in the future. Tax credits accrued for attraction programs are capitalized and netted against the cost when incurred.

Product design and development

Product design and development relating to the design and construction of new attraction equipment, including prototypes, represent the direct costs incurred and an allocation of overhead and are deferred if they meet the criteria for deferral, as defined in the Chartered Professional Accountants of Canada handbook, and the Company has reasonable assurance of recovery. These costs are amortized on a straight-line basis over the estimated period of benefit, not exceeding five years. The unamortized balance of any project is immediately written off against income if the Company no longer has reasonable assurance of recovery. Tax credits accrued for product design and development are capitalized and netted against the cost when incurred.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the fair value of the identifiable net assets acquired. On an ongoing basis, management reviews the valuation of goodwill, taking into consideration any events and circumstances which might have impaired the fair value. If the fair value of goodwill is lower than the carrying amount, the Company writes down goodwill accordingly.

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

3. Summary of significant accounting policies (continued)**Revenue recognition**

(a) Equipment sales

Revenue from fixed price sale contracts is recognized on the percentage of completion method. This method recognizes revenue by assessing the costs of the work completed to date as a percentage of the total estimated costs of the contract. Contract costs include all direct material, labour, an allocation of overhead and other contract specific costs. Losses are provided for in full in the year in which they become apparent. Although management uses its best estimates in determining contract revenue and costs, revisions in cost and profit estimates during the course of the contract can occur, and are reflected in the period during which the need for the revision becomes known.

(b) Program licenses

Revenue from attraction program licensing contracts is recognized upon delivery of the program. For multi-year contracts in which the licensee selects one program for the entire license period, the present value of the entire contract is recognized as revenue. In the case of multi-year contracts in which the licensee annually selects titles from a library of programs, revenue is recognized on each contract anniversary date for the programs to be exhibited in the year.

(c) Rentals and service revenue

Revenue from the rental of equipment under operating lease contracts or revenue sharing agreements is recognized monthly based on the Company's entitlement to revenue earned under these contracts. Service revenue is recognized when services are rendered.

(d) Corporate attraction

Revenue from theatre tickets, retail, and food and beverage are recognized at the point of sale.

Income taxes

Future tax assets and liabilities are determined using the liability method of accounting for income taxes. Under this method, the tax effect of temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their carrying amount for income tax purposes is provided for. Temporary differences arise when the realization of an asset or the settlement of a liability would give rise to either an increase or decrease in the Company's income taxes payable for the current year or successive periods. Future income tax liabilities or income tax recoveries are recorded at the income tax rates which are expected to apply when the future tax asset or liability is realized or settled.

Valuation allowances are established when necessary to reduce future income tax assets to the amount expected to be realized.

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

3. Summary of significant accounting policies (continued)**Foreign currency translation**

Monetary assets and liabilities of the Company's domestic operations denominated in foreign currencies are translated into U.S. Dollars using exchange rates at the year end while non-monetary assets and liabilities are translated using exchange rates in effect on the date of the transaction. Revenue and expenses are translated at the rates of exchange in effect on the dates of the transactions. Gains or losses arising from the translation of foreign currencies are included in the consolidated statement of operations.

Financial instruments*Measurement*

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost include cash and receivables. Financial liabilities measured at amortized cost include bank indebtedness, long-term debt, shareholder loans, and payables.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net loss. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net loss. No impairment was recognized in the current or prior year.

Government assistance

Government assistance relating to wages and rent are accounted for as a reduction of cost of sales, selling and administrative expenses (see Note 19). Government assistance are recognized in the period in which the related expenses are incurred.

Scientific Research and Experimental Development ("SR&ED") tax credits

The Company recognized investment tax credits on research and development expenditures. Tax credits accrued for product design and development are capitalized and netted against the cost when incurred.

SimEx Inc.
Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

4. Receivables

	<u>2021</u>	<u>2020</u>
Receivables consist of the following:		
Trade receivables	\$ 3,079	\$ 4,823
Lease receivable (8% interest per annum)	137	137
Government assistance receivable	276	264
Tax credits receivable	-	101
Commodity taxes receivable	58	32
Other receivables	<u>60</u>	<u>93</u>
	<u>\$ 3,610</u>	<u>\$ 5,450</u>

5. Inventories

	<u>2021</u>	<u>2020</u>
Inventories consist of the following:		
Raw materials and parts	\$ 673	\$ 831
Merchandise and packaging	418	332
Costs on uncompleted contracts in excess of billings	<u>679</u>	<u>242</u>
	<u>\$ 1,770</u>	<u>\$ 1,405</u>

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

6. Long-term assets

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Property and equipment:				
Office and warehouse equipment	\$ 2,057	\$ 1,755	\$ 302	\$ 405
Leasehold improvements	1,350	912	438	579
Attraction equipment	37,922	25,582	12,340	13,198
Corporate attraction:				
Leasehold improvements	4,441	2,934	1,507	1,573
Attraction equipment	4,918	4,010	908	1,002
	<u>50,688</u>	<u>35,193</u>	<u>15,495</u>	<u>16,757</u>
Attraction programs	4,270	1,665	2,605	2,352
Product design and development	<u>3,293</u>	<u>2,855</u>	<u>438</u>	<u>651</u>
	<u>\$ 58,251</u>	<u>\$ 39,713</u>	<u>\$ 18,538</u>	<u>\$ 19,760</u>

The corporate attraction is a branded attraction, The Simpsons in 4D, located at Myrtle Beach, South Carolina.

Attraction equipment under construction of \$967 (2020 - \$511) has been included in the cost amount and has not been amortized.

At December 31, 2021, an impairment loss of \$124 was recognized on attraction equipment under construction due to contract cancellation. This impairment loss is included in accumulated amortization on the balance sheet and in cost of sales, selling and administrative expense on the statement of operations.

Attraction programs under development of \$675 (2020 - \$207) have been included in the cost amount and have not been amortized.

SimEx Inc.
Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

7. Bank indebtedness

	<u>2021</u>	<u>2020</u>
Operating facility	\$ 4,128	\$ 5,588
Deposits	<u>(225)</u>	<u>(379)</u>
Bank indebtedness	<u>\$ 3,903</u>	<u>\$ 5,209</u>

At December 31, 2021, the bank indebtedness consists of a \$4,128 operating loan (a draw down from a \$6,000 operating facility) and an undrawn \$1,000 letter of guarantee facility. The operating facility bears interest at Royal Bank U.S. Base Rate (RBUSBR) plus 2% per annum (5.75% at December 31, 2021).

The above credit facilities are subject to certain financial covenants which are reviewed quarterly by the Company's bankers. The bank agreed to waive the requirement to comply with these covenants for the quarters ending March 31, 2021, June 30, 2021, and December 31, 2021.

The following have been pledged as security for these facilities:

- (a) A general security agreement granting a first priority security interest in all the Company's real and personal property;
- (b) Specific contract and asset assignments;
- (c) An assignment to and in favour of the bank of all insurance from Export Development Canada relating to accounts receivable; and
- (d) An insurance certificate in respect of all property and assets of the Company, showing the bank as loss payee and additional insured.

8. Payables and accruals

Government remittances (other than income taxes) total \$105 (2020 - \$82).

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

9. Long-term debt

	<u>2021</u>	<u>2020</u>
RBC term loans:		
EDC BCAP term loan - CDN\$5,650 (2020 - CDN\$6,250)	\$ 4,440	\$ 4,906
BDC BCAP term loan - CDN\$3,125	2,456	-
BDC HASCAP term loan - CDN\$1,000	786	-
Facility #3	3,271	3,704
BDC term loan	<u>1,820</u>	<u>2,000</u>
	<u>12,773</u>	10,610
Less: current portion	<u>3,467</u>	<u>3,075</u>
Term debt classified as long-term	<u>\$ 9,306</u>	<u>\$ 7,535</u>

The Company's long-term debt is scheduled to be repaid as follows:

2022	\$ 3,467
2023	4,019
2024	2,812
2025	2,021
2026	<u>454</u>
	<u>\$ 12,773</u>

Royal Bank of Canada term loans

The following three Royal Bank of Canada ("RBC") facilities are intended to help mitigate the economic impact of COVID-19:

The EDC BCAP term loan was made available under the Export Development Canada ("EDC") Business Credit Availability Program ("BCAP") and bears interest at Royal Bank Prime plus 2% per annum (4.45% at December 31, 2021). Repayment terms are: equal monthly payments of principal and interest of \$112 (CDN\$142) until the maturity date of August 10, 2025.

The BDC BCAP term loan was made available under BDC's Business Credit Availability Program ("BCAP") and bears interest at a fixed rate of 9.01%. Repayment terms are: equal monthly principal and interest payments of \$61 (CDN\$78) commencing on March 2, 2022 until the maturity date of February 2, 2026.

The BDC HASCAP term loan was made available under BDC's Highly Affected Sectors Credit Availability Program ("HASCAP") and bears interest at a fixed rate of 4.00%. Repayment terms: equal monthly principal and interest payments of \$18 (CDN\$23) commencing on August 23, 2022 until the maturity date of July 23, 2026.

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

9. Long-term debt (continued)**Royal Bank of Canada term loans (continued)**

Facility #3 is a \$4,000 revolving facility by way of a series of term loans. At December 31, 2021, the outstanding balance was \$3,271. This facility bears interest at RBUSTR plus 1% per annum (4.75% at December 31, 2021). Borrowings under this facility are primarily used to finance attraction equipment under EDC's Export Guarantee Program. Repayment terms are as follows: the first 12 months after a new borrowing are interest only, with equal monthly principal payments to commence after the 12th month for 48 months.

See Note 7 for covenants and security pledged for the RBC term loan facilities.

Business Development Bank of Canada term loan

The term loan from the Business Development Bank of Canada ("BDC") bears interest at BDC's U.S. Dollar Floating Base Rate plus 7.5% per annum (12.2% at December 31, 2021). Repayment terms are as follows: sixteen monthly instalments of \$60 commencing on October 1, 2021 and continuing up to and including February 1, 2023 and a balloon payment of \$1,040 payable on the February 1, 2023 maturity date.

The loan is subject to certain financial covenants which are reviewed quarterly by BDC. BDC agreed to waive covenant testing for each quarter of 2021.

The Company has pledged to BDC senior security over all assets, subject only to security for the bank credit facilities. As security, the Company also pledged an insurance certificate in respect of all property and assets of the Company, showing BDC as loss payee and additional insured. The loan contains standard events of default.

SimEx Inc.

Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

10. Other long-term liabilities

Other long-term liabilities are comprised as follows:

	<u>2021</u>	<u>2020</u>
Shareholder loans	\$ 1,506	\$ 1,362
Salary forgiveness liability	462	446
Accrued interest on share purchase obligation (Note 12)	363	258
Provision for future employee benefit	2,000	-
Deferred revenue classified as long-term	480	580
	<u>\$ 4,811</u>	<u>\$ 2,646</u>

Over the past several years, management, shareholders and employees have supported the Company with shareholder loans and salary forgiveness as outlined below:

Shareholder loans

	<u>2021</u>	<u>2020</u>
2018 loans:		
Principal	\$ 812	\$ 812
Accrued interest	413	292
	<u>1,225</u>	<u>1,104</u>
2020 loan:		
Principal	256	256
Accrued interest	25	2
	<u>281</u>	<u>258</u>
	<u>\$ 1,506</u>	<u>\$ 1,362</u>

The 2018 shareholder loans are unsecured and bear interest at 12% per annum compounded semi-annually. It is the Company's objective to repay the loans and interest in 2026. The loans are postponed and subordinate to the bank and BDC. This 2020 shareholder loan is unsecured and due on demand at any time after January 1, 2023. The loan bears interest at 9.01% per annum. Any repayment of the shareholder loans and accrued interest is subject to the prior written consent of the Company's lenders. The \$1,506 includes \$1,356 (CDN\$1,726) denominated in CDN dollars (2020 - \$1,362 includes \$1,226 (CDN\$1,561)).

Salary forgiveness liability

	<u>2021</u>	<u>2020</u>
Salary forgiveness liability	\$ 336	\$ 336
Accrued interest	126	110
	<u>\$ 462</u>	<u>\$ 446</u>

SimEx Inc.

Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

10. Other long-term liabilities (continued)

The salary forgiveness liability is for employees who participated in a cost reduction program as part of a financing completed in fiscal 2018. The terms of the salary forgiveness include imputed interest in the amount of \$1.60 for every \$1.00 of salary reduction if repaid within 5 years, with the imputed interest amount increasing by \$0.05 for each full year subsequent to June 30, 2023 that the salary forgiveness remains unpaid. Any repayment is subject to the prior written consent of the Company's lenders. The Company's objective is to pay these amounts in 2026 when the total amount accrued is expected to incrementally increase to \$588. The \$462 includes \$132 (CDN\$168) denominated in CDN dollars (2020 - \$446 includes \$129 (CDN\$165)).

Provision for future employee benefit

During the year the Board of Directors approved an amendment to the Company's severance arrangements with two senior executives. In the event that either executive is terminated or voluntarily resigns, the Company is obligated to pay a severance or retiring allowance, as specified in their respective agreements. The Company has the option to settle these obligations over a seven year period. A provision of \$2,000 has been included in administrative expense as an estimate, after discounting, of the amounts expected to be paid in future periods subsequent to the termination or voluntary resignation of these executives. The two senior executives have agreed in writing not to demand payment prior to January 1, 2023.

Other interest expense

Other interest expense is comprised as follows:

	Year ended December 31 <u>2021</u>	Six months ended December 31 <u>2020</u>
Interest on shareholder loans	\$ 144	\$ 66
Interest on salary forgiveness liability	16	54
Interest on share purchase obligation (Note 12)	<u>105</u>	<u>53</u>
	<u>\$ 265</u>	<u>\$ 173</u>

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

11. Income taxes

Future income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax assets and liabilities as at December 31, 2021 are approximated as follows:

	<u>2021</u>	<u>2020</u>
Tax amortization in excess of accounting amortization	\$ (2,600)	\$ (2,900)
Non-capital loss carryforward benefit	<u>5,200</u>	<u>6,000</u>
Gross future income tax assets	<u>2,600</u>	3,100
Valuation allowance for future income tax assets	<u>(2,600)</u>	<u>(3,100)</u>
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

Due to the uncertainty surrounding realization of the future income tax assets in future income tax returns, the Company has a 100% valuation allowance of \$2,600 (2020 - \$3,100) against its future income tax asset.

As at December 31, 2021, the Company has non-capital loss carryforwards of approximately \$2,000 available for federal and provincial income tax purposes in Canada. These non-capital losses are available to reduce future years' income for income tax purposes and will begin to expire in 2040. Iwerks has accumulated net operating losses in the United States of approximately \$18,000 for federal and state purposes that begin to expire in 2022.

SimEx Inc.

Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

12. Share capital

	<u>2021</u>	<u>2020</u>
Issued:		
25,185,548 (2020 - 25,185,548) common shares	\$ 19,060	\$ 19,060
5,110,721 (2020 - 5,110,721) Series A preferred shares, redeemable at CDN\$9,332 (\$7,334)	<u>4,362</u>	<u>4,362</u>
	<u>\$ 23,422</u>	<u>\$ 23,422</u>

Common shares

The authorized number of common shares is unlimited and each common share is entitled to one vote.

Series A preferred shares

The authorized number of preferred shares is unlimited and each preferred share is non-voting.

A summary of the terms of the Series A preferred shares is as follows.

- (a) An issue price of CDN\$1.00 per share.
- (b) A redemption price of CDN\$1.826 per dollar of issue price.
- (c) The Series A preferred shares are redeemable at any time by the Company upon the payment of the redemption price for each share to be redeemed. The Series A preferred shares are not redeemable or retractable at the option of the holders.
- (d) In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets among its shareholders by way of a return of capital, the holders of Series A preferred shares will be entitled to a preference over the holders of the common shares of the Company in an amount equal to the redemption price.
- (e) Except as specifically provided by the Business Corporations Act (Ontario), the holders of preferred shares are not entitled to vote at annual and general meetings of shareholders, but they are entitled to vote separately as a class on the basis of one vote per share.
- (f) No dividends shall be payable on the Series A preferred shares.

In addition, pursuant to the amended and restated shareholders' agreement dated as of February 14, 2007 among the Company and its shareholders, section 5.2 of this agreement provides that if any Series A preferred shares are outstanding after June 30, 2012, the Board of Directors of the Company shall consist of nominees of the Series A preferred shareholders. Since Series A preferred shares remain outstanding, the Directors will be nominated by the Series A preferred shareholders.

SimEx Inc.
Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

 December 31, 2021

12. Share capital (continued)
Share purchase obligation

At December 31, 2021, the Company is obligated, under an agreement with a shareholder (the "Vendor"), to purchase 2,166,517 common shares and 1,040,000 preferred shares for a total purchase consideration of \$1,050. If the Company is unable to make or prohibited from making a payment on the outstanding purchase obligation, the Vendor is entitled to receive interest at 10% per annum. During the year, interest of \$105 was accrued with total accrued interest at December 31, 2021 amounting to \$363 (see Note 10). Any payment of the purchase obligation or accrued interest thereon requires the prior written consent of the Company's lenders.

13. Commitments

The Company has operating lease commitments that expire at various dates in respect of its office and warehouse facilities and the Company's owned and operated attraction in Myrtle Beach. The future minimum annual lease payments over the next five years are as follows:

2022	\$	835
2023		859
2024		802
2025		735
2026		704

14. Consolidated statement of cash flows

	Year ended December 31 <u>2021</u>	Six months ended December 31 <u>2020</u>
Change in non-cash working capital balances related to operations:		
Receivables	\$ 1,762	\$ (1,808)
Inventories	(365)	234
Prepays	17	(55)
Advanced royalties	358	139
Payables and accruals	(1,793)	115
Income taxes payable	7	(3)
Deferred revenue	<u>(1,286)</u>	<u>(494)</u>
	<u>\$ (1,300)</u>	<u>\$ (1,872)</u>

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

14. Consolidated statement of cash flows (continued)**Amortization included in cost of sales, selling and administrative expense:**

Property and equipment	\$ 1,945	\$ 497
Attraction programs	316	118
Product design and development	<u>316</u>	<u>169</u>
	<u>\$ 2,577</u>	<u>\$ 784</u>

15. Stock-based compensation plan

Options to acquire common shares are granted under a stock option plan ("the Plan") at the discretion of the Board of Directors at an exercise price equal to the fair market value of the common shares as determined by the Board of Directors at the date of grant.

2,102,318 options are outstanding with an exercise price of CDN\$0.35 per common share and expire one year after the 2018 shareholder loans and salary forgiveness are repaid (see Note 10). In 2018, these options were granted to employees that provided loans to the Company or accepted temporary salary reductions in support of a corporate financing.

The fair value of the options is insignificant and accordingly, are not accounted for in these consolidated financial statements.

16. Revenue

The Company's major sources of revenue are:

	Year ended December 31 <u>2021</u>	Six months ended December 31 <u>2020</u>
Rentals	\$ 5,014	\$ 475
Program licenses	4,426	1,759
Equipment sales	3,386	2,512
Corporate attraction Service	<u>2,331</u> <u>687</u>	<u>600</u> <u>317</u>
	<u>\$ 15,844</u>	<u>\$ 5,663</u>

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

17. Financial instruments**Fair values**

The carrying amount of cash, receivables, and payables approximates their fair value because of the short-term maturities of these instruments.

Foreign currency rate risk

The Company is exposed to foreign currency fluctuations to the extent that sales, purchases, assets and liabilities are denominated in currencies other than the U.S. Dollar.

The Company has the following percentages of its assets and liabilities denominated in currencies other than the U.S. Dollar:

	<u>2021</u>	<u>2020</u>
Receivables	28%	17%
Payables and accruals	18	19
Long-term debt	60	46
Other long-term liabilities	73	51

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its operating facility and term loans, which have either variable or fixed interest rates.

Credit risk

The Company is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance. The Company monitors the credit risk and credit rating of customers on a regular basis and insures most accounts receivables through Export Development Canada. At December 31, 2021, the maximum credit risk is 39% or \$1,209 of the fair value of the trade accounts receivable. The allowance for doubtful accounts for receivables is \$322 (2020 - \$229).

18. Comparative figures

Certain comparative balances have been reclassified to conform to the current year's financial statement presentation.

SimEx Inc.**Notes to the Consolidated Financial Statements**

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2021

19. COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The attractions industry was significantly impacted by COVID-19, which has resulted in reduced operations, reduced staff, and temporary shutdowns for the Company. Some of the events related to the COVID-19 pandemic occurred during 2021 and 2020, and thus have been included in the financial position and results of operations as of and for the year ended December 31, 2021.

Government assistance was as follows:

	Year ended December 31 2021	Six months ended December 31 2020
Canada Emergency Wage Subsidy (CEWS)	\$ 946	\$ 510
Paycheck Protection Program (PPP)	688	442
Canada Emergency Rent Subsidy (CERS)	453	113
Hardest-Hit Business Recovery Program (HHBRP)	276	-
	\$ 2,363	\$ 1,065

The Company received two PPP loans totalling \$1,302 that were forgiven by the U.S Small Business Administration. As noted above, this amount was recorded as government assistance in the three fiscal periods, including \$172 in the year ended June 30, 2020.

Subsequent to December 31, 2021, the Company received government assistance of \$443 under the Hardest-Hit Business Recovery Program (HHBRP) program and \$276 of this was fully recognized in 2021. At the date these financial statements were completed, the government has committed to run this program until May 2022.

The Company has determined that no COVID-19 subsequent event has occurred which would impact the financial position and results of operations as of and for the year ended December 31, 2021.

Consolidated Financial Statements

SimEx Inc.

December 31, 2022



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Independent Auditor's Report

To the Shareholders of
SimEx Inc.

Opinion

We have audited the consolidated financial statements of SimEx Inc. (the "Company"), which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated statements of operations, deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of SimEx Inc. as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Without modifying our opinion, we draw attention to Note 2 of the consolidated financial statements, which states that the Company has experienced a net loss of \$2,989 in fiscal 2022 and that at December 31, 2022, had accumulated a deficit of \$24,794. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Toronto, Canada
April 27, 2023

Chartered Professional Accountants
Licensed Public Accountants

SimEx Inc.
Consolidated Statement of Operations

(U.S. Dollars in thousands, unless otherwise noted)

Year ended December 31,

2022

2021

Revenue (Note 16)	\$ 16,410	\$ 15,844
Cost of sales, selling and administrative expenses (Note 18)	<u>(16,857)</u>	<u>(17,664)</u>
Loss before the undernoted	(447)	(1,820)
Impairment loss on property and equipment (Note 6)	(2,255)	-
Settlement of a terminated contract	<u>830</u>	<u>-</u>
Loss before the undernoted	<u>(1,872)</u>	<u>(1,820)</u>
Financing and foreign exchange		
Interest expense		
Interest on bank indebtedness	399	211
Interest on long-term debt	845	800
Other interest (Note 10)	325	265
Foreign exchange loss (gain)	<u>(452)</u>	<u>26</u>
	<u>1,117</u>	<u>1,302</u>
Net loss	<u>\$ (2,989)</u>	<u>\$ (3,122)</u>

SimEx Inc.
Consolidated Statement of Deficit

(U.S. Dollars in thousands, unless otherwise noted)

Year ended December 31,

2022

2021

Deficit, beginning of year	\$ (21,805)	\$ (18,683)
Net loss	<u>(2,989)</u>	<u>(3,122)</u>
Deficit, end of year	<u>\$ (24,794)</u>	<u>\$ (21,805)</u>

SimEx Inc.

Consolidated Balance Sheet

(U.S. Dollars in thousands, unless otherwise noted)

December 31

2022

2021

Assets

Current

Receivables (Note 4)	\$ 4,463	\$ 3,610
Inventories (Note 5)	1,361	1,770
Prepays	410	462
Current portion of advanced royalties	<u>350</u>	<u>350</u>
	6,584	6,192

Advanced royalties	303	596
Long-term assets (Note 6)	16,152	18,538
Goodwill	<u>6,181</u>	<u>6,181</u>
	\$ 29,220	\$ 31,507

Liabilities

Current

Bank indebtedness (Note 7)	\$ 5,541	\$ 3,903
Payables and accruals (Note 8)	6,965	6,241
Income taxes payable	287	288
Deferred revenue	1,018	931
Current portion of long-term debt (Note 9)	<u>3,073</u>	<u>3,467</u>
	16,884	14,830

Long-term debt (Note 9)	7,828	9,306
Other long-term liabilities (Note 10)	<u>4,937</u>	<u>4,811</u>
	29,649	28,947

Shareholders' Equity

Share capital (Note 12)	23,422	23,422
Contributed surplus	943	943
Deficit	<u>(24,794)</u>	<u>(21,805)</u>
	(429)	2,560
	\$ 29,220	\$ 31,507

Share purchase obligation (Note 12) and Commitments (Note 13)

On behalf of the Board of Directors

_____ Director _____ Director

SimEx Inc.

Consolidated Statement of Cash Flows

(U.S. Dollars in thousands, unless otherwise noted)

Year ended December 31,	2022	2021
Increase (decrease) in cash		
Operating activities		
Net loss	\$ (2,989)	\$ (3,122)
Add items not involving cash		
Amortization (Note 14)	2,861	2,577
Impairment loss on property and equipment	2,255	-
Other interest expense	325	265
Provision for future employee benefit	-	2,000
Foreign exchange gain on the translation of long-term liabilities	(518)	(3)
Change in non-cash working capital balances related to operations (Note 14)	474	(1,300)
Cash provided by operating activities	2,408	417
Financing activities		
Bank indebtedness	1,638	(1,306)
Proceeds from long-term debt	1,450	4,588
Repayment of long-term debt	(2,903)	(2,422)
SR&ED tax credits received, net	-	78
Cash provided by financing activities	185	938
Investing activities		
Property and equipment	(2,098)	(683)
Attraction programs	(354)	(569)
Product design and development	(278)	(103)
Collection of long-term receivables	137	-
Cash used in investing activities	(2,593)	(1,355)
Net increase (decrease) in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

SimEx Inc.

Notes to the Consolidated Financial Statements

(U.S. Dollars in thousands, unless otherwise noted)

December 31, 2022

1. Nature of operations

SimEx Inc. (the "Company") is incorporated under the Ontario Business Corporations Act. The Company is in the business of designing, engineering, manufacturing, integrating, installing and servicing simulator and special effects attraction equipment and technologies which it sells or leases on a worldwide basis and producing and distributing programs for those attractions.

The Company sells and installs the following attraction equipment: 2D/3D/4D theatres, 4D Fly theatres, simulation attractions and 3D/4D special effects theatres. The Company also distributes its extensive library of attraction programs to ride simulation, large format and specialty theatres and provides worldwide equipment services to these attractions. The Company also owns and operates a Simpsons branded theatre and retail space in Myrtle Beach, South Carolina.

2. Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has experienced net losses since June 2019, the Company's current liabilities significantly exceed its current assets, and at December 31, 2022, the Company has a deficit of \$24,794. The Company is dependent on earning sufficient positive cash flow from future operations so that it can repay the required long-term debt principal and interest. The Company's operations continue to be materially and adversely affected by the ongoing consequences of Covid-19 by lower-than-expected revenue from co-venture arrangements, lower international program license revenues and lower equipment sales, particularly to clients in the People's Republic of China.

With the support from its lenders and Export Development Canada ("EDC"), the Company is able to project positive cash flows in 2023. Subsequent to December 31, 2022, the Company's credit facility agreement was renewed with an increased term loan facility. Operating expenses are being managed in line with the current operating environment. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Summary of significant accounting policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements:

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises.

Principles of consolidation

The Company consolidates the accounts of its wholly-owned subsidiaries based in the United States, Iwerks Entertainment Inc. ("Iwerks") and SimEx-Iwerks Myrtle Beach, LLC. All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates. Significant estimates made by management include calculation of reserves for uncollectible accounts, reserve for inventory obsolescence and excess inventory, percentage of completion of uncompleted contracts, future income tax assets, useful life of long-lived assets and the permanent impairment, if any, in the value of long-lived assets.

Cash and bank indebtedness

Cash and bank indebtedness include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Inventories and billings on uncompleted contracts in excess of revenue recognized

Inventories of raw materials and parts are valued at the lower of cost, determined on an average cost basis, and replacement cost.

Costs on uncompleted fixed price equipment contracts include cost of materials, direct labour applied to the product, an allocation of overhead and profit recognized on the contract to date. Costs on uncompleted contracts in excess of billings are classified as inventories on the consolidated balance sheet. Billings on uncompleted contracts in excess of revenue recognized are classified as deferred revenue on the consolidated balance sheet. Any losses on such contracts are charged to operations at the time they become evident.

3. Summary of significant accounting policies (continued)

Advanced royalties

Advanced royalties arise when cumulative royalty advances exceed cumulative royalty payables on film program revenues and merchandise sales at the corporate attraction. Most advanced royalties are from non-refundable minimum guarantees in licensing agreements.

Impairment of long-lived assets

The Company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized.

Property and equipment

(a) Office and warehouse

Office and warehouse equipment are recorded at cost less accumulated amortization. These assets are amortized over their estimated useful life utilizing the following bases:

Office and warehouse equipment	-	3 to 10 years straight-line
Leasehold improvements	-	straight-line over the term of the lease

(b) Attraction equipment

Attraction equipment is recorded at cost less accumulated amortization and is amortized on a straight-line basis over periods ranging from five to twenty years. Amounts paid as contributions towards costs incurred by co-venture partners (usually facility costs at the site venue) are amortized over the fixed term of the related co-venture agreement.

(c) Corporate attraction

The corporate attraction includes leasehold improvements and attraction equipment. The leasehold improvements are recorded at cost less accumulated amortization and are amortized on a straight-line basis over periods of up to thirty years. Attraction equipment is as described above.

3. Summary of significant accounting policies (continued)

Attraction programs

Attraction program assets consist of short action programs suitable for the Company's attraction equipment and represent the unamortized cost of programs produced by the Company or for which the Company has acquired distribution and exhibition rights. Such costs include all production related costs and an allocation of specific identifiable overhead costs which are expected to be recovered from future revenue net of any estimated future costs.

Amortization is determined for individual programs based on the ratio that current revenue earned from the program bears to future expected aggregate revenue. Based on management's estimate of gross future revenue at year end, it is expected that the investment in attraction programs will be amortized over periods not exceeding 10 years. Amortization is not taken on programs in development.

A program is written down to fair value if the fair value is less than the unamortized cost. A discounted cash flow model is used to estimate fair value taking into account the total future revenue expected to be earned from a program less directly attributable costs. Due to the long-term nature of assumptions inherent in estimating future revenue, it is possible the estimated remaining useful life of programs could be reduced in the future. Tax credits accrued for attraction programs are capitalized and netted against the cost when incurred.

Product design and development

Product design and development relating to the design and construction of new attraction equipment, including prototypes, represent the direct costs incurred and an allocation of overhead and are deferred if they meet the criteria for deferral, as defined in the Chartered Professional Accountants of Canada handbook, and the Company has reasonable assurance of recovery. These costs are amortized on a straight-line basis over the estimated period of benefit, not exceeding five years. The unamortized balance of any project is immediately written off against loss if the Company no longer has reasonable assurance of recovery. Tax credits accrued for product design and development are capitalized and netted against the cost when incurred.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the fair value of the identifiable net assets acquired. On an ongoing basis, management reviews the valuation of goodwill, taking into consideration any events and circumstances which might have impaired the fair value. If the fair value of goodwill is lower than the carrying amount, the Company writes down goodwill accordingly.

3. Summary of significant accounting policies (continued)

Revenue recognition

(a) Equipment sales

Revenue from fixed price sale contracts is recognized on the percentage of completion method. This method recognizes revenue by assessing the costs of the work completed to date as a percentage of the total estimated costs of the contract. Contract costs include all direct material, labour, an allocation of overhead and other contract specific costs. Losses are provided for in full in the year in which they become apparent. Although management uses its best estimates in determining contract revenue and costs, revisions in cost and profit estimates during the course of the contract can occur, and are reflected in the period during which the need for the revision becomes known.

(b) Program licenses

Revenue from attraction program licensing contracts and co-venture arrangements is recognized upon delivery of the program. For multi-year contracts in which the licensee selects one program for the entire license period, the entire contract is recognized as revenue. In the case of multi-year contracts in which the licensee annually selects titles from a library of programs, revenue is recognized on each contract anniversary date for the programs to be exhibited in the year.

(c) Co-venture arrangements

Revenue from co-venture arrangements include equipment rental and maintenance, and other services such as venue marketing support and assistance and advice related to ticketing and venue operations. Revenue from either fixed or variable revenue sharing arrangements is recognized monthly based on the Company's entitlement to revenue earned under these agreements.

(d) Corporate attraction

Revenue from theatre tickets, retail, and food and beverage are recognized at the point of sale.

(e) Service revenue is recognized when services are rendered.

Income taxes

Future tax assets and liabilities are determined using the liability method of accounting for income taxes. Under this method, the tax effect of temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and their carrying amount for income tax purposes is provided for. Temporary differences arise when the realization of an asset or the settlement of a liability would give rise to either an increase or decrease in the Company's income taxes payable for the current year or successive periods. Future income tax liabilities or income tax recoveries are recorded at the income tax rates which are expected to apply when the future tax asset or liability is realized or settled.

Valuation allowances are established when necessary to reduce future income tax assets to the amount expected to be realized.

3. Summary of significant accounting policies (continued)

Foreign currency translation

Monetary assets and liabilities of the Company's domestic operations denominated in foreign currencies are translated into U.S. Dollars using exchange rates at the year end while non-monetary assets and liabilities are translated using exchange rates in effect on the date of the transaction. Revenue and expenses are translated at the rates of exchange in effect on the dates of the transactions. Gains or losses arising from the translation of foreign currencies are included in the consolidated statement of operations.

Financial instruments

Measurement

Financial assets and financial liabilities are initially recognized at fair value when the Company becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

Financial assets measured at amortized cost include receivables. Financial liabilities measured at amortized cost include bank indebtedness, long-term debt, shareholder loans, and payables.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net loss. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net loss. No impairment was recognized in the current or prior year.

Government assistance

Government assistance relating to wages and rent are accounted for as a reduction of cost of sales, selling and administrative expenses (see Note 18). Government assistance is recognized in the period in which the related expenses are incurred.

Scientific Research and Experimental Development (“SR&ED”) tax credits

The Company recognized investment tax credits on research and development expenditures. Tax credits accrued for product design and development are capitalized and netted against the cost when incurred.

4. Receivables

	<u>2022</u>	<u>2021</u>
Receivables consist of the following:		
Trade receivables	\$ 4,401	\$ 3,079
Lease receivable	-	137
Government assistance receivable	-	276
Commodity taxes receivable	16	58
Other receivables	<u>46</u>	<u>60</u>
	<u>\$ 4,463</u>	<u>\$ 3,610</u>

5. Inventories

	<u>2022</u>	<u>2021</u>
Inventories consist of the following:		
Raw materials and parts	\$ 551	\$ 673
Merchandise and packaging	554	418
Costs on uncompleted contracts in excess of billings	<u>256</u>	<u>679</u>
	<u>\$ 1,361</u>	<u>\$ 1,770</u>

6. Long-term assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Property and equipment:				
Office and warehouse equipment	\$ 2,094	\$ 1,868	\$ 226	\$ 302
Leasehold improvements	1,239	887	352	438
Attraction equipment	37,952	25,417	12,535	12,340
Corporate attraction:				
Leasehold improvements	4,441	4,441	-	1,507
Attraction equipment	<u>4,918</u>	<u>4,918</u>	<u>-</u>	<u>908</u>
	50,644	37,531	13,113	15,495
Attraction programs	4,624	2,017	2,607	2,605
Product design and development	<u>3,571</u>	<u>3,139</u>	<u>432</u>	<u>438</u>
	<u>\$ 58,839</u>	<u>\$ 42,687</u>	<u>\$ 16,152</u>	<u>\$ 18,538</u>

The corporate attraction is a branded attraction, The Simpsons in 4D, located at Myrtle Beach, South Carolina. The impairment loss on property and equipment of \$2,255 is for this corporate attraction and is included in accumulated amortization.

6. Long-term assets (continued)

Attraction equipment under construction of \$380 (2021 - \$967) has been included in the cost amount and has not been amortized.

Attraction programs under development of \$973 (2021 - \$675) have been included in the cost amount and have not been amortized.

7. Bank indebtedness

	<u>2022</u>	<u>2021</u>
Operating facility	\$ 5,723	\$ 4,128
Deposits	<u>(182)</u>	<u>(225)</u>
Bank indebtedness	<u>\$ 5,541</u>	<u>\$ 3,903</u>

At December 31, 2022, the bank indebtedness consists of a \$5,723 operating loan (a draw down from a \$6,000 operating facility) and an undrawn \$1,000 letter of guarantee facility. The operating facility bears interest at Royal Bank U.S. Base Rate (RBUSBR) plus 2% per annum (10% at December 31, 2022). Subsequent to December 31, 2022, the letter of guarantee facility was cancelled.

The above credit facilities are subject to certain financial covenants which are reviewed quarterly by the Company's bankers. During the year, the Company was in breach of the quarterly covenants, but RBC provided a waiver for each breach and the terms of the covenants were revised for December 31, 2022, which the Company complied with.

The following have been pledged as security for these facilities:

- (a) A general security agreement granting a first priority security interest in all the Company's real and personal property;
- (b) Specific contract and asset assignments;
- (c) An assignment to and in favour of the bank of all insurance from Export Development Canada relating to accounts receivable; and
- (d) An insurance certificate in respect of all property and assets of the Company, showing the bank as loss payee and additional insured.

8. Payables and accruals

Government remittances (other than income taxes) total \$107 (2021 - \$105).

9. Long-term debt

	<u>2022</u>	<u>2021</u>
RBC term loans:		
EDC BCAP term loan - CDN\$4,232 (2021 - CDN\$5,650)	\$ 3,119	\$ 4,440
BDC BCAP term loan - CDN\$2,480 (2021- CDN\$3,125)	1,828	2,456
BDC HASCAP term loan - CDN\$896 (2021- CDN\$1,000)	660	786
Revolving facility	3,894	3,271
BDC term loan	<u>1,400</u>	<u>1,820</u>
	10,901	12,773
Less: current portion	<u>3,073</u>	<u>3,467</u>
Term debt classified as long-term	<u>\$ 7,828</u>	<u>\$ 9,306</u>

The Company's long-term debt is scheduled to be repaid as follows:

2023	\$ 3,073
2024	4,230
2025	2,427
2026	808
2027	<u>363</u>
	<u>\$ 10,901</u>

Royal Bank of Canada term loans

The following three Royal Bank of Canada ("RBC") facilities are intended to help mitigate the economic impact of COVID-19:

The EDC BCAP term loan was made available under the Export Development Canada ("EDC") Business Credit Availability Program ("BCAP") and bears interest at Royal Bank Prime plus 2% per annum (8.45% at December 31, 2022). Repayment terms: equal monthly payments of principal and interest of \$105 (CDN\$142) until the maturity date of August 10, 2025.

The BDC BCAP term loan was made available under BDC's Business Credit Availability Program ("BCAP") and bears interest at a fixed rate of 9.01%. Repayment terms: equal monthly principal payments of \$48 (CDN\$65) and interest until the maturity date of February 2, 2026.

The BDC HASCAP term loan was made available under BDC's Highly Affected Sectors Credit Availability Program ("HASCAP") and bears interest at a fixed rate of 4.00%. Repayment terms: equal monthly principal payments of \$15 (CDN\$21) and interest until the maturity date of July 23, 2026.

9. Long-term debt (continued)

Royal Bank of Canada term loans (continued)

A \$4,000 revolving facility is available by way of a series of term loans. At December 31, 2022, the outstanding balance was \$3,894. This facility bears interest at RBUSBR plus 1% per annum (9% at December 31, 2022). Borrowings under this facility are primarily used to finance attraction equipment under EDC's Export Guarantee Program. Repayment terms are as follows: the first 12 months after a new borrowing are interest only, with equal monthly principal payments to commence after the 12th month for 48 months. Subsequent to December 31, 2022 this facility was increased to \$5,500.

See Note 7 for covenants and security pledged for the RBC term loan facilities.

Business Development Bank of Canada term loan

The term loan from the Business Development Bank of Canada ("BDC") bears interest at BDC's U.S. Dollar Floating Base Rate plus 7.5% per annum (16.35% at December 31, 2022). Repayment terms are as follows: three monthly instalments of \$60 commencing on November 1, 2023 and a balloon payment of \$1,220 payable on the February 1, 2024 maturity date.

The loan is subject to certain financial covenants which are reviewed quarterly by BDC. During the year, the Company was in breach of the quarterly covenants, but BDC provided a waiver for each breach and the terms of the covenants were revised for December 31, 2022, which the Company complied with.

The Company has pledged to BDC senior security over all assets, subject only to security for the bank credit facilities. As security, the Company also pledged an insurance certificate in respect of all property and assets of the Company, showing BDC as loss payee and additional insured. The loan contains standard events of default.

10. Other long-term liabilities

Other long-term liabilities are comprised as follows:

	<u>2022</u>	<u>2021</u>
Shareholder loans	\$ 1,586	\$ 1,506
Salary forgiveness liability	503	462
Accrued interest on share purchase obligation (Note 12)	468	363
Provision for future employee benefit	2,000	2,000
Deferred revenue classified as long-term	380	480
	<u>\$ 4,937</u>	<u>\$ 4,811</u>

Over the past several years, management, shareholders and employees have supported the Company with shareholder loans and salary forgiveness as outlined below:

10. Other long-term liabilities (continued)**Shareholder loans**

	<u>2022</u>	<u>2021</u>
2018 loans:		
Principal	\$ 769	\$ 812
Accrued interest	<u>530</u>	<u>413</u>
	<u>1,299</u>	<u>1,225</u>
2020 loan:		
Principal	240	256
Accrued interest	<u>47</u>	<u>25</u>
	<u>287</u>	<u>281</u>
	<u>\$ 1,586</u>	<u>\$ 1,506</u>

The 2018 shareholder loans are unsecured and bear interest at 12% per annum compounded semi-annually. It is the Company's objective to repay the loans and interest in 2026. The loans are postponed and subordinated to the bank and BDC. This 2020 shareholder loan is unsecured and due on demand at any time after January 1, 2024. The loan bears interest at 9.01% per annum. Any repayment of the shareholder loans and accrued interest is subject to the prior written consent of the Company's lenders. The \$1,586 includes \$1,417 (CDN\$1,923) denominated in CDN dollars (2021 - \$1,506 includes \$1,356 (CDN\$1,726)).

Salary forgiveness liability

	<u>2022</u>	<u>2021</u>
Salary forgiveness liability	\$ 330	\$ 336
Accrued interest	<u>173</u>	<u>126</u>
	<u>\$ 503</u>	<u>\$ 462</u>

The salary forgiveness liability is for employees who participated in a cost reduction program as part of a financing completed in fiscal 2018. The terms of the salary forgiveness include imputed interest in the amount of \$1.60 for every \$1.00 of salary reduction if repaid within 5 years, with the imputed interest amount increasing by \$0.05 for each full year subsequent to June 30, 2023 that the salary forgiveness remains unpaid. Any repayment is subject to the prior written consent of the Company's lenders. The Company's objective is to pay these amounts in 2026 when the total amount accrued is expected to incrementally increase to \$577. The \$503 includes \$137 (CDN\$186) denominated in CDN dollars (2021 - \$462 includes \$132 (CDN\$168)).

Provision for future employee benefit

In 2021, the Company's severance arrangements with two senior executives were amended such that in the event that either executive is terminated or voluntarily resigns, the Company is obligated to pay a severance or retiring allowance, as specified in their respective agreements. The Company has the option to settle these obligations over a seven year period. A provision of \$2,000, included in administrative expense in 2021, was made as an estimate, after discounting, of the amounts expected to be paid in future periods subsequent to the termination or voluntary resignation of these executives. The two senior executives have agreed in writing not to demand payment prior to January 1, 2024.

10. Other long-term liabilities (continued)

Other interest expense

Other interest expense is comprised as follows:

	<u>2022</u>	<u>2021</u>
Interest on shareholder loans	\$ 170	\$ 144
Interest on salary forgiveness liability	50	16
Interest on share purchase obligation (Note 12)	<u>105</u>	<u>105</u>
	<u>\$ 325</u>	<u>\$ 265</u>

11. Income taxes

Future income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax assets and liabilities as at December 31, 2022 are approximated as follows:

	<u>2022</u>	<u>2021</u>
Tax amortization in excess of accounting amortization	\$ (2,400)	\$ (2,600)
Non-capital loss carryforward benefit	<u>4,900</u>	<u>5,200</u>
Gross future income tax assets	<u>2,500</u>	2,600
Valuation allowance for future income tax assets	<u>(2,500)</u>	<u>(2,600)</u>
Net future income tax assets	<u>\$ -</u>	<u>\$ -</u>

Due to the uncertainty surrounding realization of the future income tax assets in future income tax returns, the Company has a 100% valuation allowance of \$2,500 (2021 - \$2,600) against its future income tax asset.

As at December 31, 2022, the Company has non-capital loss carryforwards of approximately \$2,100 available for federal and provincial income tax purposes in Canada. These non-capital losses are available to reduce future years' income for income tax purposes and will begin to expire in 2040. Iwerks has accumulated net operating losses in the United States of approximately \$16,800 for federal and state purposes that begin to expire in 2023.

12. Share capital

	<u>2022</u>	<u>2021</u>
Issued:		
25,185,548 (2021 - 25,185,548) common shares	\$ 19,060	\$ 19,060
5,110,721 (2021 - 5,110,721) Series A preferred shares, redeemable at CDN\$9,332 (\$6,878)	<u>4,362</u>	<u>4,362</u>
	<u>\$ 23,422</u>	<u>\$ 23,422</u>

12. Share capital (continued)

Common shares

The authorized number of common shares is unlimited and each common share is entitled to one vote.

Series A preferred shares

The authorized number of preferred shares is unlimited and each preferred share is non-voting.

A summary of the terms of the Series A preferred shares is as follows.

- (a) An issue price of CDN\$1.00 per share.
- (b) A redemption price of CDN\$1.826 per dollar of issue price.
- (c) The Series A preferred shares are redeemable at any time by the Company upon the payment of the redemption price for each share to be redeemed. The Series A preferred shares are not redeemable or retractable at the option of the holders.
- (d) In the event of the liquidation, dissolution or winding-up of the Company or other distribution of its assets among its shareholders by way of a return of capital, the holders of Series A preferred shares will be entitled to a preference over the holders of the common shares of the Company in an amount equal to the redemption price.
- (e) Except as specifically provided by the Business Corporations Act (Ontario), the holders of preferred shares are not entitled to vote at annual and general meetings of shareholders, but they are entitled to vote separately as a class on the basis of one vote per share.
- (f) No dividends shall be payable on the Series A preferred shares.

In addition, pursuant to the amended and restated shareholders' agreement dated as of February 14, 2007 among the Company and its shareholders, section 5.2 of this agreement provides that if any Series A preferred shares are outstanding after June 30, 2012, the Board of Directors of the Company shall consist of nominees of the Series A preferred shareholders. Since Series A preferred shares remain outstanding, the Directors will be nominated by the Series A preferred shareholders.

Share purchase obligation

At December 31, 2022, the Company is obligated, under an agreement with a shareholder (the "Vendor"), to purchase 2,166,517 common shares and 1,040,000 preferred shares for a total purchase consideration of \$1,050. If the Company is unable to make or prohibited from making a payment on the outstanding purchase obligation, the Vendor is entitled to receive interest at 10% per annum. During the year, interest of \$105 was accrued with total accrued interest at December 31, 2022 amounting to \$468 (Note 10). Any payment of the purchase obligation or accrued interest thereon requires the prior written consent of the Company's lenders.

13. Commitments

The Company has operating lease commitments that expire at various dates in respect of its office and warehouse facilities and the Company's owned and operated attraction in Myrtle Beach. The future minimum annual lease payments over the next five years are as follows:

2023	\$	892
2024		842
2025		724
2026		682
2027		637

14. Consolidated statement of cash flows

	<u>2022</u>	<u>2021</u>
Change in non-cash working capital balances related to operations:		
Receivables	\$ (900)	\$ 1,762
Inventories	409	(365)
Prepays	52	17
Advanced royalties	293	358
Payables and accruals	724	(1,793)
Income taxes payable	(1)	7
Deferred revenue	<u>(13)</u>	<u>(1,286)</u>
	<u>\$ 474</u>	<u>\$ (1,300)</u>

Amortization included in cost of sales, selling and administrative expense:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 2,225	\$ 1,945
Attraction programs	352	316
Product design and development	<u>284</u>	<u>316</u>
	<u>\$ 2,861</u>	<u>\$ 2,577</u>

15. Stock-based compensation plan

Options to acquire common shares are granted under a stock option plan ("the Plan") at the discretion of the Board of Directors at an exercise price equal to the fair market value of the common shares as determined by the Board of Directors at the date of grant.

2,102,318 options are outstanding with an exercise price of CDN\$0.35 per common share and expire one year after the 2018 shareholder loans and salary forgiveness are repaid (Note 10). In 2018, these options were granted to employees that provided loans to the Company or accepted temporary salary reductions in support of a corporate financing.

15. Stock-based compensation plan (continued)

The fair value of the options is insignificant and accordingly, are not accounted for in these consolidated financial statements.

16. Revenue

The Company's major sources of revenue are:

	<u>2022</u>	<u>2021</u>
Co-venture arrangements	\$ 7,244	\$ 5,014
Program licenses	5,001	4,426
Equipment sales	1,142	3,386
Corporate attraction	2,015	2,331
Service	<u>1,008</u>	<u>687</u>
	<u>\$ 16,410</u>	<u>\$ 15,844</u>

17. Financial instruments

Fair values

The carrying amount of cash, receivables, and payables approximates their fair value because of the short-term maturities of these instruments.

Foreign currency rate risk

The Company is exposed to foreign currency fluctuations to the extent that sales, purchases, assets and liabilities are denominated in currencies other than the U.S. Dollar.

The Company has the following percentages of its assets and liabilities denominated in currencies other than the U.S. Dollar:

	<u>2022</u>	<u>2021</u>
Receivables	13%	28%
Payables and accruals	11	18
Long-term debt	51	60
Other long-term liabilities	72	73

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its operating facility and term loans, which have either variable or fixed interest rates.

17. Financial instruments (continued)**Credit risk**

The Company is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance. The Company monitors the credit risk and credit rating of customers on a regular basis and insures eligible accounts receivables through Export Development Canada. At December 31, 2022, the maximum credit risk is 65% or \$2,858 of the fair value of the trade accounts receivable. The allowance for doubtful accounts for receivables is \$131 (2021 - \$322).

18. Government assistance

During the year, the Company recognized government assistance in the amount of \$403 (2021 - \$2,363).

TAB F

This is Exhibit "F" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'J. Kelly', written over a solid horizontal line.

A commissioner for taking affidavits.

	OCT 2023 - ONE MONTH			YTD F2023 (Jan to Oct 2023)						
	ACTUAL	PROJECTION*	VARIANCE (\$000's)	ACTUAL	PROJECTION*	VARIANCE (\$000's)				
REVENUE										
Attraction Co-Ventures	503,215	503,334	-	5,964,583	5,978,834	(14)				
Corporate Attractions	82,864	86,667	(4)	1,989,923	1,989,667	-				
Theatre Sales	223,371	228,333	(5)	317,858	299,833	18				
Film/Content	216,962	250,000	(33)	3,566,835	3,690,750	(124)				
Service	51,893	48,333	4	712,861	683,833	29				
	1,078,305	1,116,667	(38)	12,552,060	12,642,917	(91)				
COST OF SALES										
Attraction Co-Ventures	255,353	263,334	8	2,793,723	2,709,884	(84)				
Corporate Attractions	156,240	151,000	(5)	2,149,610	2,142,175	(7)				
Theatre Sales	210,802	213,334	3	494,461	480,334	(14)				
Film/Content	103,048	148,334	45	2,039,229	2,168,834	130				
Service	25,982	28,334	2	503,184	474,334	(29)				
	751,425	804,336	53	7,980,207	7,975,561	(5)				
GROSS MARGIN										
Attraction Co-Ventures	247,862	49%	240,000	48%	8	3,170,860	53%	3,268,950	55%	(98)
Corporate Attractions	(73,376)	(89%)	(64,333)	(74%)	(9)	(159,687)	(8%)	(152,508)	(8%)	(7)
Theatre Sales	12,569	6%	14,999	7%	(2)	(176,603)	(56%)	(180,501)	(60%)	4
Film/Content	113,914	53%	101,666	41%	12	1,527,606	43%	1,521,916	41%	6
Service	25,911	50%	19,999	41%	6	209,677	29%	209,499	31%	-
	326,880	30%	312,331	28%	15	4,571,853	36%	4,667,356	37%	(96)
EXPENSES										
Staffing	544,781	544,333	-	5,348,218	5,358,333	10				
Facilities	71,086	88,333	17	856,357	876,333	20				
Sales and marketing	127,188	130,000	3	489,513	502,000	12				
General and administrative	113,931	113,333	(1)	1,124,926	1,126,333	1				
Amortization	6,283	6,666	-	66,944	68,391	1				
	863,269	882,665	19	7,885,958	7,931,390	45				
COS	(207,725)	(250,000)	(42)	(1,427,290)	(1,407,900)	19				
CAPEX	(46,756)	(43,334)	3	(916,222)	(928,834)	(13)				
NET EXPENSES	608,788	589,331	(19)	5,542,446	5,594,656	52				
OPERATING INCOME (LOSS)	(281,908)	(26%)	(277,000)	(25%)	(5)	(970,593)	(8%)	(927,300)	(7%)	(43)
Bank interest expense - current	51,618	50,000	(2)	495,244	486,750	(8)				
Bank interest expense - long-term	69,965	70,000	-	708,219	713,500	5				
Interest on BDC term loan	20,830	20,333	-	201,422	199,583	(2)				
Other interest expense	25,959	26,667	1	272,849	272,042	(1)				
Foreign exchange (gain) loss	1,225	-	(1)	55,245	60,750	6				
Unrealized ForX (gain) loss on translation of LTL	(102,096)	-	102	(99,576)	(300)	99				
OTHER EXPENSES (INCOME)	67,501	167,000	99	1,632,865	1,732,325	99				
NET EARNINGS (LOSS)	(349,409)	(444,000)	95	(2,603,458)	(2,659,625)	56				
ADD (DEDUCT)										
Interest expense, net	168,372	167,000	(1)	1,677,734	1,671,875	(6)				
Total amortization	195,049	207,667	13	2,054,469	2,074,617	20				
Unrealized ForX (gain) loss on translation of LTL	(102,096)	-	102	(99,576)	(300)	99				
EBITDA	(88,084)	(8%)	(69,333)	(6%)	(19)	1,028,631	8%	1,086,567	9%	(58)
Average exchange rate (CAD/USD)	1.3703	1.2987		1.3485	1.2987					

*Projection October 10, 2023

	OCT 2023 - ONE MONTH			YTD F2023 (Jan to Oct 2023)		
	ACTUAL	PROJECTION*	VARIANCE (\$000's)	ACTUAL	PROJECTION*	VARIANCE (\$000's)
COST OF SALES						
<u>Attraction Co-Ventures</u>						
Amortization - property & equipment	138,614	146,667	8	1,458,906	1,467,217	8
Other COS	116,739	116,667	-	1,334,817	1,242,667	(92)
	255,353	263,334	8	2,793,723	2,709,884	(84)
<u>Corporate Attractions</u>						
Amortization - property & equipment	1,500	1,000	(1)	8,500	7,175	(1)
Other COS	154,740	150,000	(5)	2,141,110	2,135,000	(6)
	156,240	151,000	(5)	2,149,610	2,142,175	(7)
<u>Theatre Sales</u>						
Amortization - property & equipment	1,981	1,667	-	20,515	19,167	(1)
Amortization - development	16,389	20,000	4	194,901	202,500	8
Other COS	192,432	191,667	(1)	279,045	258,667	(20)
	210,802	213,334	3	494,461	480,334	(14)
<u>Film/Content</u>						
Amortization - property & equipment	5,282	6,667	1	54,703	60,167	5
Amortization - attraction programs	25,000	25,000	-	250,000	250,000	-
Other COS	72,766	116,667	44	1,734,526	1,858,667	124
	103,048	148,334	45	2,039,229	2,168,834	130
AMORTIZATION SUMMARY						
Property & equipment						
Attraction Co-Ventures	138,614	146,667	8	1,458,906	1,467,217	8
Theatre Sales	1,981	1,667	-	20,515	19,167	(1)
Film/Content	5,282	6,667	1	54,703	60,167	5
Corporate Attractions	1,500	1,000	(1)	8,500	7,175	(1)
Expenses	6,283	6,666	-	66,944	68,391	1
	153,660	162,667	9	1,609,568	1,622,117	13
Attraction programs	25,000	25,000	-	250,000	250,000	-
Product design & development	16,389	20,000	4	194,901	202,500	8
	195,049	207,667	13	2,054,469	2,074,617	20

TAB G

This is Exhibit "G" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'S. King', written over a solid horizontal line.

A commissioner for taking affidavits.

SimEx Inc.
Consolidated Balance Sheet
(\$US)

	Oct 31, 2023	Sep 30, 2023	Dec 31, 2022
	(unaudited)	(unaudited)	(audited)
ASSETS			
Current			
Receivables	2,814,740	2,958,859	4,463,352
Inventories	903,427	877,892	1,105,461
Work in progress	71,800	71,800	255,496
Prepays	446,347	448,375	410,135
Current portion of advanced royalties	300,000	300,000	350,000
Total current assets	4,536,314	4,656,926	6,584,444
Long-term assets			
Advanced royalties	31,348	35,909	303,316
Property and equipment	12,627,994	12,724,807	13,113,334
Attraction programs	2,694,532	2,671,141	2,607,480
Product design and development	478,421	474,858	431,679
Goodwill	6,180,950	6,180,950	6,180,950
Total assets	26,549,559	26,744,591	29,221,203
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness	5,593,038	5,426,942	5,540,937
Payables and accruals	6,912,578	6,593,520	6,965,957
Income taxes payable	282,960	283,945	287,577
Deferred revenue	1,290,196	1,315,944	1,017,770
Current portion of bank term loans	1,391,245	1,345,625	1,162,316
Current portion of BCAP/HASCAP term loans	1,817,387	1,841,931	1,791,295
Current portion of BDC term loan	1,400,000	1,400,000	120,000
Total current liabilities	18,687,404	18,207,907	16,885,852
Long-term liabilities			
Bank term loans	3,562,299	3,679,566	2,731,551
BCAP/HASCAP term loans	2,236,671	2,433,297	3,815,631
BDC term loan	-	-	1,280,000
Other long-term liabilities	5,096,146	5,107,373	4,937,673
Total liabilities	29,582,520	29,428,143	29,650,707
Shareholders' equity			
Class A preferred shares	4,361,677	4,361,677	4,361,677
Common shares	19,059,658	19,059,658	19,059,658
Contributed surplus	943,235	943,235	943,235
Deficit	(27,397,531)	(27,048,122)	(24,794,074)
Total shareholders' equity	(3,032,961)	(2,683,552)	(429,504)
Total liabilities and shareholders' equity	26,549,559	26,744,591	29,221,203
Closing exchange rate (CAD/USD)	1.3816	1.3580	1.3569

Consolidation includes SimEx, Iwerks Entertainment and Simex-Iwerks Myrtle Beach.

SimEx Inc.
Consolidated Statement of Cash Flows
(\$US)

	Oct 2023 (one month)	YTD F2023 (Jan to Oct 2023)
OPERATING ACTIVITIES		
Net income (loss)	(349,409)	(2,603,458)
Add (deduct) items not involving cash		
Amortization of:		
- property and equipment	153,660	1,609,568
- attraction programs	25,000	250,000
- product design and development	16,389	194,901
Other interest expense	25,959	272,849
Unrealized ForX (gain) loss on translation of LTL	(102,096)	(99,576)
Change in working capital balances related to operations	350,291	2,451,199
Cash provided by operating activities	119,794	2,075,483
INVESTING ACTIVITIES		
Investment in:		
- property and equipment	(56,847)	(1,124,228)
- attraction programs	(48,391)	(337,052)
- product design and development	(19,952)	(300,517)
Cash used in investing activities	(125,190)	(1,761,797)
FINANCING ACTIVITIES		
Proceeds from bank term loans	-	1,950,000
Repayment of bank term loans	(71,647)	(890,323)
Repayment of BCAP/HASCAP term loans	(147,927)	(1,484,338)
SR&ED tax credits received, net	58,874	58,874
Cash used in financing activities	(160,700)	(365,787)
Net (increase) decrease in bank indebtedness	(166,096)	(52,101)
Bank indebtedness, beginning of period	(5,426,942)	(5,540,937)
Bank indebtedness, end of period	(5,593,038)	(5,593,038)

TAB H

This is Exhibit "H" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to read "R. King", is written over a solid horizontal line.

A commissioner for taking affidavits.

SimExIwerks									
15-Week Cash Flow Forecast									
For the period January 19, 2024 to May 3, 2024									
(in USD)									
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Week #	0	1	2	3	4	5	6	7	8
Month	January	January	February	February	February	February	March	March	March
Week Ending	19-Jan-24	26-Jan-24	2-Feb-24	9-Feb-24	16-Feb-24	23-Feb-24	1-Mar-24	8-Mar-24	15-Mar-24
Year	2024	2024	2024	2024	2024	2024	2024	2024	2024
Operating Receipts									
Customer receipts	132,810	127,810	136,910	250,783	454,845	417,033	266,945	234,522	94,522
HST refunds	-	-	-	18,094	-	-	-	6,325	-
Total Operating Receipts	132,810	127,810	136,910	268,877	454,845	417,033	266,945	240,847	94,522
Operating Disbursements									
Employee costs	(70,000)	(150,000)	(154,523)	(155,005)	(85,000)	(159,030)	(100,000)	(171,293)	(90,005)
Selling, general and administrative costs	(42,294)	-	(111,530)	(11,445)	(22,000)	(25,000)	(17,000)	(2,000)	(22,000)
Rent costs	-	-	(129,610)	-	-	-	(83,051)	-	-
Vendor payments	(5,000)	-	(72,860)	(6,765)	(34,668)	(29,828)	(19,252)	(13,530)	(3,790)
Contingency costs	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Total Operating Disbursements	(127,294)	(160,000)	(478,522)	(183,215)	(151,668)	(223,858)	(229,303)	(196,823)	(125,795)
Operating Cash Flow	5,516	(32,190)	(341,613)	85,662	303,177	193,175	37,642	44,024	(31,273)
Restructuring Costs									
Professional fees	-	-	(150,000)	-	-	(208,333)	-	-	(208,333)
Total Restructuring Costs	-	-	(150,000)	-	-	(208,333)	-	-	(208,333)
Net Operating Cash Flow before Debt Service	5,516	(32,190)	(491,613)	85,662	303,177	(15,158)	37,642	44,024	(239,606)
Debt Service									
Debt service	-	-	-	-	-	-	-	-	-
Net Cash Flow	5,516	(32,190)	(491,613)	85,662	303,177	(15,158)	37,642	44,024	(239,606)
Operating Line									
Opening	5,940,000	5,934,484	5,966,675	6,458,287	6,372,625	6,069,448	6,084,607	6,046,965	6,002,940
Net cash flow	5,516	(32,190)	(491,613)	85,662	303,177	(15,158)	37,642	44,024	(239,606)
Closing	5,934,484	5,966,675	6,458,287	6,372,625	6,069,448	6,084,607	6,046,965	6,002,940	6,242,546
Operating line limit	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Excess/(Deficiency)	65,516	33,325	(458,287)	(372,625)	(69,448)	(84,607)	(46,965)	(2,940)	(242,546)

SimEx!werks										
15-Week Cash Flow Forecast										
For the period January 19, 2024 to May 3, 2024										
(in USD)										
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Week #	9	10	11	12	13	14	15			
Month	March	March	April	April	April	April	May		Total	Assumptions
Week Ending	22-Mar-24	29-Mar-24	5-Apr-24	12-Apr-24	19-Apr-24	26-Apr-24	3-May-24			Reference
Year	2024	2024	2024	2024	2024	2024	2024			
Operating Receipts										
Customer receipts	265,772	310,232	232,968	252,968	212,968	345,218	176,804		3,913,111	[1]
HST refunds	-	-	-	15,479	-	-	-		39,898	[2]
Total Operating Receipts	265,772	310,232	232,968	268,447	212,968	345,218	176,804		3,953,009	
Operating Disbursements										
Employee costs	(150,000)	(79,030)	(198,750)	(72,543)	(170,005)	(72,250)	(201,293)		(2,078,725)	[3]
Selling, general and administrative costs	(7,000)	(17,000)	(2,000)	(178,168)	(7,000)	(17,000)	(62,746)		(544,182)	[4]
Rent costs	-	-	(77,231)	-	-	-	(77,231)		(367,123)	[5]
Vendor payments	(11,378)	(23,803)	(68,650)	(9,530)	(4,510)	(17,095)	(8,841)		(329,498)	[6]
Contingency costs	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)		(160,000)	[7]
Total Operating Disbursements	(178,378)	(129,833)	(356,631)	(270,240)	(191,515)	(116,345)	(360,110)		(3,479,529)	
Operating Cash Flow	87,395	180,399	(123,663)	(1,793)	21,453	228,874	(183,306)		473,480	
Restructuring Costs										
Professional fees	-	-	(208,333)	-	-	-	(208,333)		(983,333)	[8]
Total Restructuring Costs	-	-	(208,333)	-	-	-	(208,333)		(983,333)	
Net Operating Cash Flow before Debt Service	87,395	180,399	(331,996)	(1,793)	21,453	228,874	(391,639)		(509,854)	
Debt Service										
Debt service	-	-	-	-	-	-	-		-	[9]
Net Cash Flow	87,395	180,399	(331,996)	(1,793)	21,453	228,874	(391,639)		(509,854)	
Operating Line										
Opening	6,242,546	6,155,152	5,974,753	6,306,749	6,308,542	6,287,088	6,058,214		5,940,000	
Net cash flow	87,395	180,399	(331,996)	(1,793)	21,453	228,874	(391,639)		(509,854)	
Closing	6,155,152	5,974,753	6,306,749	6,308,542	6,287,088	6,058,214	6,449,854		6,449,854	
Operating line limit	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000		6,000,000	
Excess/(Deficiency)	(155,152)	25,247	(306,749)	(308,542)	(287,088)	(58,214)	(449,854)		(449,854)	

TAB I

This is Exhibit "l" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be "J. K. [unclear]", written over a solid horizontal line.

A commissioner for taking affidavits.



Royal Bank of Canada
 Special Loans Advisory Services
 20 King Street West, 2nd Floor
 Toronto, ON M5H 1C4
 Tel: 416-955-8083

March 31, 2023

Private and Confidential

SIMEX INC.
210 King St. East, Suite 600
Toronto, ON M5A 1J7

ROYAL BANK OF CANADA (the “**Bank**”) hereby confirms the credit facilities described below (the “**Credit Facilities**”) subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the “**Agreement**”). This Agreement amends and restates without novation the existing agreement dated February 22, 2023, and any amendments thereto. Any amount owing by the Borrower to the Bank under such previous agreement is deemed to be a borrowing under this Agreement. Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or Event of Default.

BORROWER: SimEx Inc. (the “**Borrower**”).

CREDIT FACILITIES

Facility #1: US\$6,000,000 revolving demand facility by way of:

a) RBP based loans (“**RBP Loans**”)

Revolve in increments of:	\$5000	Minimum retained balance:	0
Revolved by:	Bank	Interest rate (per annum):	RBP + 2.00%

b) RBUSBR based loans in US currency (“**RBUSBR Loans**”)

Revolve in increments of:	\$5000	Minimum retained balance:	0
Revolved by:	Bank	Interest rate (per annum):	RBUSBR + 2.00%

c) Letters of Credit in Canadian currency, or US currency (“**LCs**”)

Fees to be advised on a transaction-by-transaction basis. Fees and drawings to be charged to Borrower’s accounts.

- d) Letters of Guarantee in Canadian currency, or US currency (“LGs”)

Fees to be advised on a transaction-by-transaction basis. Fees and drawings to be charged to Borrower’s accounts. Minimum fee of \$100.00 in the currency of issue (where in Canadian currency or US currency).

AVAILABILITY

The Borrower may borrow, convert repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

For greater certainty any LG’s issued under Facility #1 are subject to maximum aggregate amounts of US\$2,500,000 at all times.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, excluding receivables and inventory associated with the contracts financed under the EDC EGP backed facilities:

- a) 75% of Good Canadian/US Accounts Receivable;
- b) 90% of Good EDC Accounts Receivable;
- c) 90% of accounts receivable of the Borrower and Iwerks Entertainment, Inc. which are supported by standby letters of credit and/or letters of guarantee from an issuer acceptable to the Bank, in form and substance satisfactory to the Bank and confirmed by the Bank;
- d) 75% of cash refundable filed investment tax credits and/or film tax credits of the Borrower, supported by a letter from the auditors or other document satisfactory to the Bank;
- e) To a maximum amount of \$750,000, 35% of the lesser of cost or net realizable value of Unencumbered Inventory.

REPAYMENT

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, and regardless of the maturities of any outstanding instruments or contracts, Borrowings under this facility are repayable on demand.

GENERAL ACCOUNT

The Borrower shall establish current accounts with the Bank in each of Canadian and US currency (each a “**General Account**”) for the conduct of the Borrower’s day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of each General Account and:

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable under this facility;
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility.

Facility #2: US\$5,500,000 revolving facility available by way of a series of term loans, by way of:

- a) RBUSBR Loans Interest rate (per annum): RBUSBR + 1.00%

AVAILABILITY

Borrowings under this facility shall be used to finance Eligible Pre-shipment Costs, in relation to multiple Export Contracts.

The Borrower may borrow, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time.

The aggregate Borrowings advanced in respect of any Export Contract must not exceed 90% of the Eligible Pre-shipment Costs incurred in connection with such Export Contract and the aggregate Borrowings outstanding under this facility must not exceed at any time 90% of the Net Marginable Pre-shipment Costs.

REPAYMENT

Each Borrowing under this facility shall be repayable by consecutive monthly principal payments based on a maximum amortization of 5 years and a maximum term of 5 years. The specific repayment terms for each new Borrowing will be agreed to between the Borrower and the Bank at the time of the Borrowing by way of a Borrowing Request substantially in the form of Schedule “F” provided to the Bank. For greater certainty, the first 12 months after a new Borrowing will be interest only, with monthly principal payments to commence after the 12th month, with additional 48 month amortization (60 months in total).

Facility #3: Original Authorized Amount: CAD\$6,250,000 (current amount outstanding: CAD\$3,890,339.83) multi-draw term loan with term take-out by way of:

During the Term Period:

- a) RBP based loans (“RBP Loans”) Interest rate (per annum) RBP + 2.00% based on a term of 5 years from initial drawdown
- b) Fixed Rate Term Loans (“FRT Loans”) Fixed interest rate to be determined at the time of conversion

AVAILABILITY

This term facility is made possible under the Export Development Canada (“EDC”) Business Credit Availability Program (“BCAP”), and is subject to the terms and conditions set forth herein. Hereafter, this facility may be referred to as the “EDC BCAP Facility”.

REPAYMENT

The Borrower shall pay interest payments commencing one month from drawdown and thereafter on the same day of the month for the next eleven months. The Borrower shall thereafter repay Borrowings under this facility as follows:

Payment Amount:	Monthly Principal Plus Interest	Payment Frequency:	monthly
Payment Type:	Principal Plus Interest	First payment date:	30 days from the Conversion Date

Repayable in full on:	The last day of a 5 year term from initial drawdown	Amortization (months) from initial drawdown	60
-----------------------	---	---	----

The Bank may, at its discretion, adjust payments periodically, if necessary, to ensure payment in full of all Borrowings under this facility within the stated amortization period.

Facility #4: Original Authorized Amount: CAD\$3,125,000 (current amount outstanding: CAD\$2,285,945.16) term loan non-revolving fixed rate term loan ("FRT Loan").

Interest rate (per annum): **9.01%**

AVAILABILITY

This term facility is made possible under BDC's \$20,000,000,000 Business Credit Availability Program ("**BCAP**") established and is subject to the terms and conditions set forth herein and in Schedule "H" attached hereto. Hereafter, this facility may be referred to as the "**BDC BCAP Facility**".

The Borrower shall pay interest payments commencing one month from drawdown and thereafter on the same day of the month for the next eleven months. The Borrower shall thereafter repay Borrowings under this facility as follows:

Payment Amount:	\$64,542.68	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	Payment date:	Commencing on the 13 month from drawdown through to the 60 th month from drawdown.
Repayable in full on:	The fifth anniversary of the drawdown date.	Original Amortization (months)	48
Amount eligible for repayment is up to 10% of the aggregate FTR Loan advanced without penalty.			

The Bank may, at its discretion, adjust payments periodically, if necessary, to ensure payment in full of all Borrowings under this facility within the stated amortization period.

Amounts owed under this facility shall rank pari passu with the amounts that the Borrower owes the Bank under Facility #3 and shall be subordinate to amounts that the Borrower owes the Bank pursuant to Facility #1, Facility #2, and the Other Facilities.

OTHER FACILITIES:

The Credit Facilities are in addition to the following facilities (the "**Other Facilities**"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

- a) All Foreign Exchange Forward Contracts outstanding at any time and from time to time; and
- b) All Leases outstanding at any time.

FEES:

Monthly Fees:

Payable in arrears on the same day of each month.

Management Fee: \$1,000

Other Fees:

Fee for Facility #2

The Borrower authorizes and directs the Bank to collect the fee specified as the EDC Guarantee Fee in the EDC Guarantee Approval and pay EDC for their coverage under their Exporter Guarantee Program.

Fee for Facility #3

The Borrower agrees to an annual administration fee of 10 bps.

Renewal Fee:

If the Bank renews or extends any term facility or term loan beyond its Maturity Date, an additional renewal fee may be payable in connection with any such renewal in such amount as the Bank may determine and notify the Borrower.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, including, without limitation, any amounts outstanding under any Leases, if applicable, (collectively, the "**Security**"), shall include:

- (a) General security agreement on the Bank's form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- (b) Guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the "**First New Iwerks Guarantee**") supported by a general security agreement constituting a first ranking security interest in all personal property of Iwerks Entertainment, Inc. (the "**New Iwerks GSA**");
- (c) Guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the "**Second New Iwerks Guarantee**") supported by the New Iwerks GSA;
- (d) Securities pledge agreement between the Borrower and the Bank whereby the Borrower pledges all of the shares in its subsidiaries to the Bank;
- (e) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by SimEx Santa's Late Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of SimEx Santa's Late Inc.;
- (f) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by Cinema 4D Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of Cinema 4D Inc.;
- (g) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by 6618359 Canada Inc. supported by a general security agreement

- on the Bank's form 924 constituting a first ranking security interest in all personal property of 6618359 Canada Inc.;
- (h) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by 6618391 Canada Inc. supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 6618391 Canada Inc.;
 - (i) Intercreditor agreement with BDC Capital Inc.;
 - (j) Postponement and assignment of claim on the Bank's form 918 signed by Michael J. Needham;
 - (k) Postponement and assignment of claim on the Bank's form 918 signed by Shiori Sudo;
 - (l) Postponement and assignment of claim on the Bank's form 918 signed by Richard Needham;
 - (m) Postponement and assignment of claim on the Bank's form 918 signed by Sal Agosta;
 - (n) Postponement and assignment of claim on the Bank's form 918 signed by Kevin Dennis;
 - (o) Postponement and assignment of claim on the Bank's form 918 signed by Milan Ghosh;
 - (p) Postponement and assignment of claim on the Bank's form 918 signed by Mike Frueh;
 - (q) Postponement and assignment of claim on the Bank's form 918 signed by Mark Cornell re Iwerks Entertainment, Inc.;
 - (r) Guarantee and postponement of claim signed by Simex-Iwerks Myrtle Beach, LLC (the "**First Myrtle Beach Guarantee**") supported by a general security agreement constituting a first ranking security interest in all personal property of Simex-Iwerks Myrtle Beach, LLC (the "**New Myrtle Beach GSA**");

Security for the Borrowings under Facility #2 shall include:

- (s) EDC EGP Approval confirming EDC's guarantee of 68.18% of the aggregate Borrowings outstanding under Facility #2;
- (t) Security agreement (accounts receivable) on the Bank's form 925 signed by the Borrower constituting a first ranking security interest in all accounts receivable of the Borrower arising out of Export Contracts for which the Bank is providing financing under Facility #2;
- (u) Security agreement (inventory) on the Bank's form 926 signed by the Borrower constituting a first ranking security interest in all inventory of the Borrower relating to or arising out of Export Contracts for which the Bank is providing financing under Facility #2;
- (v) Guarantee and postponement of claim in the amount of US\$12,000,000, signed by Iwerks Entertainment, Inc., (the "**Fourth New Iwerks Guarantee**") supported by the New Iwerks A/R Security Agreement (being a security agreement (accounts receivable) constituting a first ranking security interest in all accounts receivable of Iwerks Entertainment, Inc. arising out of Export Contracts for which the Bank is providing financing under Facility # 2) and further supported by the New Iwerks Inventory Security Agreement (being a security agreement (inventory) constituting a first ranking security interest in all inventory of Iwerks Entertainment, Inc. relating to or arising out of Export Contracts for which the Bank is providing financing under Facility #2); and

- (w) Guarantee and postponement of claim in the amount of US\$12,000,000, signed by Simex-Iwerks Myrtle Beach, LLC (the "**Second Myrtle Beach Guarantee**") supported by the Myrtle Beach A/R Security Agreement (being a security agreement (accounts receivable) constituting a first ranking security interest in all accounts receivable of Simex-Iwerks Myrtle Beach, LLC arising out of Export Contracts for which the Bank is providing financing under Facility # 2) and further supported by the Myrtle Beach Inventory Security Agreement (being a security agreement (inventory) constituting a first ranking security interest in all inventory of Simex-Iwerks Myrtle Beach, LLC relating to or arising out of Export Contracts for which the Bank is providing financing under Facility #2).

In addition to the security listed in paragraphs a) to w) inclusive above, security for the Borrowings under Facility #4 shall include:

- (x) EDC Confirmation of Successful Application from EDC confirming that the Borrower is eligible for coverage under the Business Credit Availability Program to be held in support of the EDC BCAP Facility.

Collectively, the security set forth in paragraphs a) to o) inclusive above is referred to as the "**Security**".

FINANCIAL COVENANTS

In the event that the Borrower and Iwerks Entertainment, Inc. changes accounting standards, accounting principles and/or the application of accounting principles during the term of this Agreement, all financial covenants shall be calculated using the accounting standards and principles applicable at the time this Agreement was entered into.

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of any demand or other discretionary facility or while any Borrowings remain outstanding under any term facility, the Borrower covenants and agrees with the Bank that the Borrower will:

- (a) ensure Debt Service Coverage, on a consolidated basis, calculated on a rolling 4 quarters basis for the fiscal quarter then ended and the immediately preceding 3 fiscal quarters, is not less than 1.25:1 as at the fiscal quarter ended March 31, 2024, and every quarter ended thereafter;
- (b) ensure the EBITDA, at the end of each quarter of 2023, shall be greater than: (i) \$200,000 for the quarter ending March 31, 2023; (ii) \$1,650,000 for the quarter ending June 30, 2023; (iii) \$2,750,000 for the quarter ending September 30, 2023; and (iv) \$3,415,000 for the quarter ending December 31, 2023, in each case measured year to such date;
- (c) not, without the prior written consent of the Bank:
- (i) make any Corporate Distributions.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) monthly Borrowing Limit Certificate, substantially in the form of Schedule "D" signed on behalf of the Borrower by any one of the Chief Executive Officer, the President, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 30 days of each month end;

- b) monthly company prepared consolidated financial statements in US currency for the Borrower, within 45 days of each month end;
- c) quarterly Compliance Certificate, substantially in the form of Schedule "E" signed by an authorized signing officer of the Borrower, within 45 days of each fiscal quarter end, certifying compliance with this Agreement including the financial covenants set forth in the Agreement;
- d) annual audited consolidated financial statements in US currency for the Borrower, within 120 days of each fiscal year end;
- e) annual consolidated forecasted balance sheet and income and cash flow statements in US currency for the Borrower, prepared on a quarterly basis for the next following fiscal year, within 120 days of each fiscal year end; and
- f) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally:

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank;
- f) no Lease will be made available to the Borrower unless it meets the leasing criteria established by the Bank and the Bank has received such documentation in respect thereof as may be required by the Bank.

BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured

loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower’s signature below as the Borrower’s waiver of the Bank’s offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person’s age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

GOVERNING LAW JURISDICTION

Province of Ontario.

ACCEPTANCE

This Agreement is open for acceptance until April 14, 2023, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

By: _____

Per: Nada Hamadi
Title: Senior Director

RBC Contact: Nada Hamadi

/NH

We acknowledge and accept the terms and conditions of this Agreement on this 14th day of April, 2023

March 31, 2023

SIMEX INC.

By: Michael J. Needham.

Name: Michael Needham
Title: President

By: 

Name: Shiori Sudo
Title: Executive Vice President

I/We have the authority to bind
the Borrower

The undersigned, as Guarantor, as of this 14th day of April, 2023, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated March 31, 2023, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

IWERKS ENTERTAINMENT, INC.

By: Michael J. Needham.

Name:
Title:

By: _____

Name:
Title:

I/We have the authority to bind
the Guarantor

March 31, 2023

The undersigned, as Guarantor, as of this 14th day of April, 2023, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated March 31, 2023, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

SIMEX SANTA'S LATE INC.

By: Michael J. Needham.
Name:
Title:

By: _____
Name:
Title:

I/We have the authority to bind
the Guarantor

The undersigned, as Guarantor, as of this 14th day of April, 2023, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated March 31, 2023, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

CINEMA 4D INC.

By: Michael J. Needham.
Name:
Title:

By: _____
Name:
Title:

I/We have the authority to bind
the Guarantor

March 31, 2023

The undersigned, as Guarantor, as of this 14th day of April, 2023, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated March 31, 2023, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

6618391 CANADA INC.

By: Michael J. Needham

Name:

Title:

By: _____

Name:

Title:

I/We have the authority to bind
the Guarantor

The undersigned, as Guarantor, as of this 14th day of April, 2023, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated March 31, 2023, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

**SIMEX-IWERKS MYRTLE BEACH,
LLC**

By: Michael J. Needham

Name:

Title:

By: _____

Name:

Title:

I/We have the authority to bind
the Guarantor

The undersigned, as Guarantor, as of this 14th day of April, 2023, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated March 31, 2023, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

6618359 CANADA INC.

By: Michael J. Needham,

Name:

Title:

By: _____

Name:

Title:

I/We have the authority to bind
the Guarantor

Attachments

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- Borrowing Limit Certificate
- Compliance Certificate
- Borrowing Request – Facility #2
- RBC Covarity Dashboard Terms and Conditions
- BDC BCAP Terms and Conditions

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand including without limitation, an amount equal to the face amount of all LC's and LG's which are unmaturing or unexpired, which amount may be held by the Bank as security for the Borrower's obligations to the Bank in respect of such Borrowings. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("**Reducing Term Loan/Facility**"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("**Renewal Letter**") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

PREPAYMENT

Where Borrowings are by way of RBP Loans or RBUSBR Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

Where Borrowings are by way of FRT Loans, provided an Event of Default shall not have occurred and be continuing, the Borrower may prepay such Borrowings on a non-cumulative basis up to the percentage, as selected by the Borrower for each FRT Loan, of the outstanding principal balance on the day of prepayment, without fee or premium, once per year during the 12 month period from each anniversary date of the Borrowing. Any prepayment of Borrowings by way of FRT Loans prior to the Maturity Date, in whole or in part (in excess of any prepayment explicitly permitted in this Agreement) requires an amendment of the terms of this Agreement. An amendment to permit such a prepayment requires the Bank's prior written consent. The Bank may provide its consent to an amendment to permit a prepayment upon satisfaction by the

Borrower or any conditions the Bank may reasonably impose, including, without limitation, the Borrower's agreement to pay the Prepayment Fee as defined below.

The Prepayment Fee will be calculated by the Bank as the sum of:

a) the greater of:

- (i) The amount equal to 3 months' interest payable on the amount of the FRT Loan Borrowings being prepaid, calculated at the interest rate applicable to the FRT Loan Borrowings being prepaid, calculated at the interest rate applicable to the FRT Loan on the date of prepayment; and
- (ii) The present value of the cash flow associated with the difference between the Bank's original cost of funds for the FRT Loan and the current cost of funds for a loan with a term substantially similar to the remaining term of the FRT Loan and an amortization period substantially similar to the remaining amortization period of the FRT Loan, each as determined by the Bank on the date of such prepayment.

Plus,

- a) Forgone margin over the remainder of the term of the FRT Loan. Foregone margin is defined as the present value of the difference between the Bank's original cost of funds for the FRT Loan and the interest that would have been charged to the Borrower over the remaining term of the FRT Loan;

Plus,

- b) A processing fee.

The Prepayment Fee shall also be payable by the Borrower in the event that the Bank demands repayment of the outstanding principal of the FRT Loan on the occurrence of an Event of Default. The Borrower's obligations to pay the Prepayment Fee will be in addition to any other amounts then owing by the Borrower to the Bank, will form part of the loan amount and will be secured by the Security described herein.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "**Accounts**") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;

- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security or an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure or composition and will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank;
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower, save and except for Facility #2, the proceeds of which may be used for the benefit of or on behalf of Iwerk Entertainment, Inc.;
- p) will promptly advise the Bank of any payment of tax credits or any compensation at source initiated by the Borrower. Canada Revenue Agency and/or Revenue Quebec upon receipt of such payment or knowledge of such compensation; and
- q) will maintain an accounting system that clearly identifies its admissible expenditures by project.

FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred

by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, or any Event of Default, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

Save and except for any waiver or extension of the deadline for acceptance of this Agreement at the Bank's sole discretion, which may be communicated in writing, verbally, or by conduct, no amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any

change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

ELECTRONIC MAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

ELECTRONIC IMAGING

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "**Paper Record**") into electronic images (each, an "**Electronic Image**") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) it is duly constituted, validly existing and duly registered or qualified to carry on business or its operations in all jurisdictions where the nature of its properties, assets, business or operations make such registration or qualification necessary or desirable;
- b) the execution, delivery and performance by it of this Agreement do not violate any Applicable Laws or agreements to which it is subject or by which it is bound, and where applicable, have been duly authorized by all necessary actions and do not violate its constating documents;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank or an Event of Default;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing and/or the entering into each Lease, if applicable, hereunder.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EXCHANGE RATE FLUCTUATIONS

If, for any reason, the amount of Borrowings and/or Leases, if applicable, outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "**rate of exchange**" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an "**Event of Default**" which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, term or condition contained in this Agreement, the Security, or any other agreement delivered to the Bank or in any documentation relating hereto or thereto;
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;

- d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
- e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
- f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect; or
- g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility including, without limitation, an amount equal to the face amount of all LC's, and LG's which are unmatured or unexpired which amount shall be held by the Bank as security for the Borrower's obligations to the Bank in respect of such Borrowings.

INCREASED COSTS

If any change in Applicable Laws or the interpretation thereof after the date hereof (i) imposes or increases taxes on payments due to the Bank hereunder (other than taxes on the overall net income of the Bank), (ii) imposes or increases any reserve or other similar requirement or (iii) imposes or changes any other condition affecting the Credit Facilities, and the result of any of the foregoing results in any additional cost to the Bank of making available, continuing or maintaining any of the Credit Facilities hereunder (or maintaining any obligations to make any such Credit Facilities available hereunder) or results in any reduction in the amount of any sum received or receivable by the Bank in connection with this Agreement or the Credit Facilities made available hereunder, then from time to time, upon written request of the Bank, the Borrower shall promptly pay to the Bank, such additional amount or amounts as will compensate the Bank for any such additional costs incurred or reduction suffered.

CONFIDENTIALITY

This Agreement and all of its terms are confidential ("**Confidential Information**"). The Borrower shall keep the Confidential Information confidential and will not disclose the Confidential Information, or any part thereof, to any Person other than the Borrower's directors, officers, employees, agents, advisors, contractors, consultants and other representatives of the Borrower who need to know the Confidential Information for the purpose of this Agreement, who shall be informed of the confidential nature of the Confidential Information and who agree or are otherwise bound to treat the Confidential Information consistent with the terms of this Agreement. Without limiting the generality of the foregoing, the Borrower shall not issue any press release or make any other public announcement or filing with respect to the Confidential Information without the Bank's prior written consent.

Schedule "A"

DEFINITIONS

For the purpose of this Agreement, if applicable, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility, excluding Leases, and all such usages outstanding at any time are "Borrowings";

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Canadian/US Accounts Receivable" means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in the US or Canada;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Corporate Distributions" means any payments to any shareholder, director or officer, or to any associate or holder of subordinated debt, or to any shareholder, director or officer of any associate or holder of subordinated debt, including, without limitation, bonuses, dividends, interest, salaries or repayment of debt or making of loans to any such Person, but excluding salaries to officers or other employees in the ordinary course of business;

"Debt Service Coverage" means, for any fiscal period, the ratio of EBITDA (less cash income taxes and, to the extent not deducted in determining net income, less Corporate Distributions), to the total of Interest Expense and scheduled principal payments in respect of Funded Debt;

"EBITDA" means, for any fiscal period, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, Interest Expense and income taxes accrued during, and depreciation, depletion and amortization expenses deducted for, the period;

"EDC" means Export Development Canada;

"EDC Accounts Receivable" means trade accounts receivable of the Borrower, where the payment has been insured by EDC, and the Bank has been provided with a duly executed Direction to Pay supported by a copy of the applicable insurance policy and any renewals thereof;

"Eligible Pre-shipment Costs" means up-front direct costs including but not limited to raw material, work in progress, finished goods and direct labour costs but excluding non-direct overhead costs in relation to the production of goods and services sold under a specific Export Contract that meets EDC's Canadian benefits criteria and less any deposits received from the customer/clients related to a specific Export Contract;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization,

disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

“Environmental and Health and Safety Laws” means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

“Equity” means the total of share capital (excluding preferred shares redeemable within one year), contributed surplus and retained earnings plus Postponed Debt;

“Equivalent Amount” means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

“Export Contract” means any purchase order issued by a buyer to the Borrower and/or Iwerks Entertainment, Inc. for the purchase of goods and/or services by a buyer to include as applicable, any attraction co-venture contract;

“Funded Debt” means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding Postponed Debt;

“Good Canadian/US Accounts Receivable” means Canadian/US Accounts Receivable excluding accounts receivable arising out of Export Contracts for which the Bank is providing financing under Facility #2, EDC Accounts Receivable and accounts receivable supported by standby letters of credit and/or standby letters of guarantee from an issuer acceptable to the Bank, in form and substance satisfactory to the Bank, and confirmed by the Bank, and excluding, (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after the billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of the accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank’s security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

“Good EDC Accounts Receivable” means EDC Accounts Receivable, excluding accounts receivable arising out of Export Contracts for which the Bank is providing financing under Facility #2, EDC Accounts Receivable and accounts receivable supported by standby letters of credit and/or standby letters of guarantee from an issuer acceptable to the Bank, in form and substance satisfactory to the Bank, and confirmed by the Bank, and excluding, (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after the billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of the accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank’s security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

“Guarantor” means any Person who has guaranteed the obligations of the Borrower under this Agreement;

“Interest Expense” means, for any fiscal period, the aggregate cost of advances of credit outstanding during that period including, without limitation, interest charges, capitalized interest, the interest component of capital leases, fees payable in respect of letters of credit and letters of guarantee;

“Lease” means an advance of credit by the Bank to the Borrower by way of a Master Lease Agreement, Master Leasing Agreement, Leasing Schedule, Equipment Lease, Conditional Sales Contract, or pursuant to an Interim Funding Agreement or an Agency Agreement, in each case issued to the Borrower;

“Letter of Credit” or **“LC”** means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of paying suppliers of goods;

“Letter of Guarantee” or **“LG”** means a documentary credit issued by the Bank on behalf of the Borrower for the purpose of providing security to a third party that the Borrower or a person designated by the Borrower will perform a contractual obligation owed to such third party;

“Maturity Date” means the date on which a facility is due and payable in full;

“Permitted Encumbrances” means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

“Person” includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity;

“Postponed Debt” means indebtedness that is fully postponed and subordinated, both as to principal and interest, on terms satisfactory to the Bank, to the obligations owing to the Bank hereunder;

“Potential Prior-Ranking Claims” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

“RBP” and **“Royal Bank Prime”** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada;

“RBUSBR” and **“Royal Bank US Base Rate”** each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;

“Release” includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning;

“Tangible Net Worth” means the total of Equity less intangibles, deferred charges, leasehold improvements, deferred tax credits and unsecured advances to related parties. For the purpose hereof, intangibles are assets lacking physical substance. For greater certainty, Film and Video Programs are considered tangible assets;

“Total Liabilities” means all liabilities, exclusive of deferred tax liabilities and Postponed Debt;

“Unencumbered Inventory” means raw materials and finished goods inventory of the Borrower and Iwerk Entertainment, Inc., excluding inventory relating to or arising out of Export Contracts for which the Bank is providing financing under Facility #2 which is not subject to any security interest or other encumbrance or any other right or claim which ranks or is capable of ranking in

priority to the Bank's security including, without limitation, rights of unpaid suppliers to repossess inventory within 30 days after delivery, under the *Bankruptcy and Insolvency Act*, Canada;

"US" means United States of America.

Schedule "B"

CALCULATION AND PAYMENT OF INTEREST AND FEES

LIMIT ON INTEREST

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law. In no event shall the effective interest rate payable by the Borrower under any facility be less than zero.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%, or in the case of an amount in US currency, if applicable, RBUSBR plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS AND RBUSBR LOANS

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

LETTER OF CREDIT FEES

The Borrower shall pay a LC fee on the date of issuance of any LC calculated on the face amount of the LC issued, based upon the number of days in the term and a year of 365 days. If applicable, fees for LCs issued in US currency shall be paid in US currency and fees for LCs issues in any other approved currency shall be paid in Canadian currency.

LETTER OF GUARANTEE FEES

The Borrower shall pay LG fees in advance on a quarterly basis calculated on the face amount of the LG issued and based on the number of days in the upcoming quarter or remaining term thereof and a year of 365 days. LG fees are non-refundable. If applicable, fees for LGs issued in US currency shall be paid in US currency and fees for LGs issued in any other approved currency shall be paid in Canadian currency.

FRT LOANS

The Borrower shall pay interest on each loan in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

Schedule "C"

ADDITIONAL BORROWING CONDITIONS

LCs or LGs

Borrowings made by way of LCs or LGs will be subject to the following terms and conditions:

- a) each LC and LG shall expire on a Business Day and shall have a term of not more than 365 days;
- b) at least 2 Business Days prior to the issue of an LC or LG, the Borrower shall execute a duly authorized application with respect to such LC or LG and each LC and LG shall be governed by the terms and conditions of the relevant application for such contract;
- c) an LC or LG may not be revoked prior to its expiry date unless the consent of the beneficiary of the LC or LG has been obtained;
- d) any LC or LG issued under a term facility must have an expiry date on or before the Maturity Date of the term facility, unless otherwise agreed by the Bank; and
- e) if there is any inconsistency at any time between the terms of this Agreement and the terms of the application for LC or LG, the terms of the application for LC or LG shall govern.

FRT Loans

Borrowings made by way of FRT Loans will be subject to the following terms and conditions:

- a) each FRT Loan shall have a minimum term of one year;
- b) the Borrower shall select an amount eligible for prepayment of 10% or 0% for each new FRT Loan prior to the advance of such FRT Loan;
- c) each FRT Loan shall be in an amount not less than \$10,000.00 in Canadian currency or US currency; and
- d) each FRT Loan shall have a term as outlined in the applicable repayment section of each corresponding credit facility, provided that the maturity date of any FRT Loan issued under any term facility shall not extend beyond the Maturity Date of the term facility.

FEF Contracts

"Foreign Exchange Forward Contract" or **"FEF Contract"** means a currency exchange transaction or agreement or any option with respect to any such transaction now existing or hereafter entered into between the Borrower and the Bank;

At the Borrower's request, the Bank may agree to enter into FEF Contracts with the Borrower from time to time. The Borrower acknowledges that the Bank makes no formal commitment herein to enter into any FEF Contract and the Bank may, at any time and at all times, in its sole and absolute discretion, accept or reject any request by the Borrower to enter into a FEF Contract. If the Bank does enter into a FEF Contract with the Borrower, it will do so subject to the following:

- a) the Borrower shall promptly issue or countersign and return a confirmation or acknowledgement of the terms of each such FEF Contract as required by the Bank;

-
- b) the Borrower shall, if required by the Bank, promptly enter into a Foreign Exchange and Options Master Agreement or such other agreement in form and substance satisfactory to the Bank to govern the FEF Contract(s);
 - c) in the event of demand for payment under the Agreement of which this schedule forms a part, the Bank may terminate all or any FEF Contracts. If the agreement governing any FEF Contract does not contain provisions governing termination, any such termination shall be effected in accordance with customary market practice. The Bank's determination of amounts owing under any terminated FEF Contract shall be conclusive in the absence of manifest error. The Bank shall apply any amount owing by the Bank to the Borrower on termination of any FEF Contract against the Borrower's obligations to the Bank under the Agreement and any amount owing to the Bank by the Borrower on such termination shall be added to the Borrower's obligations to the Bank under the Agreement and secured by the Security;
 - d) the Borrower shall pay all required fees in connection with any FEF Contracts and indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank in relation to any FEF Contract;
 - e) any rights of the Bank herein in respect of any FEF Contract are in addition to and not in limitation of or substitution for any rights of the Bank under any agreement governing such FEF Contract. In the event that there is any inconsistency at any time between the terms hereof and any agreement governing such FEF Contract, the terms of such agreement shall prevail;
 - f) in addition to any security which may be held at any time in respect of any FEF Contract, upon request by the Bank from time to time, the Borrower will deliver to the Bank such security as is acceptable to the Bank as continuing collateral security for the Borrower's obligations to the Bank in respect of FEF Contracts; and
 - g) the Borrower will enter each FEF Contract as principal, and only for purposes of hedging currency risk arising in the ordinary course of the Borrower's business and not for purposes of speculation. The Borrower understands and hereby acknowledges the risks associated with each FEF Contract.

Schedule "D"

BORROWING LIMIT CERTIFICATE

I, _____, representing the Borrower hereby certify as of month ending _____:

1. I am familiar with and have examined the provisions of the Agreement, dated March 31, 2023, and any amendments thereto, between SimEx Inc., as Borrower, and Royal Bank of Canada, as the Bank and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.

2. The Borrowing Limit is \$ _____, calculated as follows:

Total Canadian/US Accounts Receivable excluding accounts receivable arising out of Export Contracts for which the Bank is providing financing under Facility #3, EDC Accounts Receivable and accounts receivable supported by standby letters of credit and/or letters of guarantee from an issuer acceptable to the Bank, in form and substance satisfactory to the Bank and confirmed by the Bank \$ _____

- Less: a) Accounts, any portion of which exceeds 90 days \$ _____
- b) Accounts due from affiliates \$ _____
- c) "Under 90 days" accounts where collection is suspect \$ _____
- d) Accounts subject to prior encumbrances \$ _____
- e) Holdbacks, contra-accounts or rights of set-off \$ _____
- f) Other ineligible accounts \$ _____
- Plus: g) Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good \$ _____

Good Canadian/US Accounts Receivable A \$ _____
 Marginable Good Canadian/US Accounts Receivable at 75% of A B \$ _____

Total EDC Accounts Receivable excluding accounts receivable arising out of Export Contracts for which the Bank is providing financing under Facility #2 and accounts receivable supported by standby letters of credit and/or letters of guarantee from an issuer acceptable to the Bank, in form and substance satisfactory to the Bank and confirmed by the Bank \$ _____

- Less: a) Accounts due from affiliates \$ _____
- b) Accounts where collection is suspect \$ _____
- c) Accounts subject to prior encumbrances \$ _____
- d) Holdbacks, contra-accounts or rights of set-off \$ _____
- e) Other ineligible accounts \$ _____

Good EDC Accounts Receivable C \$ _____
 Marginable Good EDC Accounts Receivable at 90% of C D \$ _____
 Total accounts receivable for the Borrower and Iwerks E \$ _____

Entertainment, Inc. which are supported by standby letters of credit and/or letters of guarantee from an issuer acceptable to the Bank, in form and substance satisfactory to the Bank and confirmed by the Bank excluding accounts receivable arising out of Export Contracts for which the Bank is providing financing under Facility #2

Marginable accounts receivable which are supported by standby letters of credit and/or letters of guarantee at 90% of E	F	\$ _____
Total filed, cash refundable investment tax credits and/or film tax credits for the Borrower	G	\$ _____
Marginable filed, cash refundable investment tax credits and/or film tax credits for the Borrower at 75% of G	H	\$ _____
Total raw materials and finished goods inventory for the Borrower and Iwerks Entertainment, Inc. (valued at lesser of cost or net realizable value) excluding inventory relating to or arising out of Export Contracts for which the Bank is providing financing under Facility #2.		\$ _____
Less: a) Inventory subject to prior encumbrances		\$ _____
b) Inventory subject to 30 day supplier payables		\$ _____
c) Other non-qualifying inventory		\$ _____
Unencumbered Inventory	I	\$ _____
Marginable Unencumbered Inventory at 35% of I (Max \$750,000)		
Less: Potential Prior-Ranking Claims in respect of the Borrower and Iwerks Entertainment, Inc. while not limited to these include:	J	\$ _____
Sales tax, Excise & GST		\$ _____
Employee source deductions such as E.I., CPP, Income Tax		\$ _____
Workers Compensation Board		\$ _____
Wages, Commissions, Vacation Pay		\$ _____
Unpaid Pension Plan Contributions		\$ _____
Overdue Rent, Property & Business Tax and potential claims from third parties such as subcontractors		\$ _____
Other		\$ _____
Total Potential Prior-Ranking Claims	K	\$ _____
Borrowing Limit (B+D+F+H+J-K)		\$ _____
Less: Facility #1 Borrowings		\$ _____
Margin Surplus (Deficit)		\$ _____

3. Annexed hereto are the following reports in respect of the Borrower and Iwerks Entertainment, Inc.:

- a) aged list of accounts receivable including a detailed listing of accounts receivable supported by standby letters of credit and/or letters of guarantee,
- b) aged list of accounts payable,
- c) status of inventory,
- d) list of operating lease receivables; and
- e) listing of Potential Prior-Ranking Claims.

- 4. Annexed hereto are the following reports in respect of the Borrower:
 - a) aged list of EDC Accounts Receivable indicating country of origin for each receivable and most recent credit approval listing from EDC supported by Direction to Pay on EDC form E6, and
 - b) auditors' letter re: filed, cash refundable investment tax credits and/or film tax credits.

- 5. The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.

Dated this _____ day of _____, 20_____.

Per: _____

Name: _____

Title: _____

Schedule "E"

COMPLIANCE CERTIFICATE

I, _____, representing the Borrower hereby certify as of fiscal quarter ending: _____

1. I am familiar with and have examined the provisions of the Agreement, dated March 31, 2023, and any amendments thereto, between SimEx Inc., as Borrower, and Royal Bank of Canada as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower and any Guarantor if applicable. Terms defined in the Agreement have the same meanings where used in this certificate.
2. The representations and warranties contained in the Agreement are true and correct.
3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default and there is no reason to believe that during the next fiscal quarter of the Borrower, any such event or circumstance will occur.
4. Debt Service Coverage is 1.25:1, being not less than the minimum required ratio of as at the fiscal quarter ended March 31, 2024, and thereafter.
5. EBITDA on a consolidated basis, at the end of each quarter of 2023, shall be greater than: (i) \$200,000 for the quarter ending March 31, 2023; (ii) \$1,650,000 for the quarter ending June 30, 2023; (c) \$2,750,000 for the quarter ending September 30, 2023; and (iv) \$3,415,000 for the quarter ending December 31, 2023, in each case measured year to such date.
6. The detailed calculations of the foregoing ratios and covenants is set forth in the addendum annexed hereto and are true and correct in all respects.

Dated this ____ day of _____, 20__

Schedule "F"

FACILITY #2 - BORROWING REQUEST

The Borrower hereby requests the following be established under Facility #2:

Amount of Export Contract Loan: \$ _____

Date of Export Contract Loan: _____

Borrowing Option: RBUSBR Loans

Payment Type ex. L/C #, Doc. Collection #, Open Account: _____

Shipping Date: _____

Final Payment Date: _____

Amount Authorized by EDC: A \$ _____

Total pre-shipment costs for Export Contract # _____ B
 \$ _____
 (excl. overhead expenses)

Less: Payment Received from Buyer (deposits or other) C
 (\$ _____)

Pre-shipment Costs for Export Contract # _____ (B-C) D
 \$ _____

Marginable Pre-shipment Costs at _____ % of D E\$

Net Marginable Pre-Shipment F
 \$ _____
 (The lessor of A or E)

Monthly payment amount (principal plus interest)
 \$ _____

First Payment Date _____

Final Maturity Date _____

I hereby certify that (i) Export Contract # _____ has not been amended, (ii) at this point, production of the goods/services to be sold per such Export Contract are proceeding as originally scheduled in the Export Contract, and (iii) the information set forth herein and in the

statement of progress/work-in-progress schedule attached hereto, is true and correct in all respects.

Dated this _____ day of _____, 20_____.

SIMEX INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/We have the authority to bind the Borrower

Schedule "G"

RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("**RBC Covarity Dashboard**") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "**Service**"), then the following terms and conditions (the "**RBC Covarity Dashboard Terms and Conditions**") apply and are deemed to be included in, and form part of, the Agreement.

1. Definitions. For the purpose of the RBC Covarity Dashboard Terms and Conditions:

"Disabling Code" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

"Designated User" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

"Electronic Channel" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

"Electronic Communication" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

"Electronically Submitted Certificates" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

"Electronically Uploaded Financial Information" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

"Internet" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

"Password" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

"Security Breach" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

"Security Device" means a combination of a User ID and Password.

"Software" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

“User ID” means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

“Virus” means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse.

Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

2. Access to the Service. The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower’s financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

3. Security Devices. The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

4. Security. Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

5. Unsecure Electronic Channels. The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

6. Notice of Security Breach. The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

7. Binding Effect. Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

8. Representations and Warranties. The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

9. Evidence. Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

10. Limitation of Liability. The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for

any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

12. Amendment. The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.

Schedule "H"
BDC BCAP TERMS AND CONDITIONS

1. INTRODUCTION

The BDC BCAP Facility is made possible under Business Development Bank of Canada's ("BDC") \$20,000,000,000.00 Business Credit Availability Program ("BCAP") established to facilitate financing solutions for business clients in order to support the Canadian economy and clients experiencing financial difficulties in the context of the COVID-19 pandemic (the "Program") under which the Bank is an eligible lender.

Notwithstanding BDC's participation in the BDC BCAP Facility, the Bank has all right, power and authority to enforce the terms and conditions of this Agreement.

2. USE OF BORROWINGS

In order to comply with the eligibility criteria to the Program, the Borrower agrees that Borrowings under the BDC BCAP Facility shall be used by the Borrower exclusively to fund the Borrower's or any of its subsidiaries' operational cash flow needs (including normally scheduled principal and interest payments on the Bank's existing debt, repayments of temporary advances or borrowing excesses under existing facilities with the Bank advanced to the Borrower since March 1, 2020 (if any), as well as to satisfy ordinary course of business lease, equipment or supplier financing payments); for certainty, principal repayments will not include repayments which repayment schedule was accelerated after March 1, 2020.

For certainty, Borrowings under the BDC BCAP Facility may not be used directly or indirectly to reduce the Bank's (or another financial institution's) existing credits or lending position with the Borrower (including principal repayments on existing facilities with the Bank) except as otherwise provided in the immediately preceding paragraph.

3. REPRESENTATIONS AND WARRANTIES

Except with respect to representation and warranty (d), the representations and warranties of the Borrower in the BDC Program Borrower's Representations and Warranty are deemed to be repeated as at the time of each Borrowing under the BDC BCAP Facility.

4. BDC PROGRAM COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, or any other covenant in this Agreement, the Borrower covenants and agrees with the Bank that the Borrower shall not:

- (a) use the proceeds of the BDC BCAP Facility for a purpose not permitted under Section 2 above; and
- (b) except for Permitted Indebtedness, will not incur or create any additional indebtedness.

TAB J

This is Exhibit "J" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be "J. K. [unclear]", written over a solid horizontal line.

A commissioner for taking affidavits.

GUARANTEE AND SECURITY CONFIRMATION AGREEMENT

TO: **ROYAL BANK OF CANADA** (the “**Lender**”)

AND TO: **WILDEBOER DELLELCE LLP**

WHEREAS pursuant to an original credit agreement dated as of January 6, 2011 between, among others, the Lender, as lender, and Simex Inc. (the “**Borrower**”), as borrower (as same has been amended, modified, supplemented or restated to the date hereof, the “**Original Credit Agreement**”), the Lender agreed to make certain loans to the Borrower, as guaranteed by, among others, each of Simex Santa’s Late Inc., Cinema 4D Inc., 6618359 Canada Inc. and 6618391 Canada Inc. (collectively, the “**Guarantors**”);

AND WHEREAS the Original Credit Agreement was amended and restated pursuant to a credit agreement dated as of December 1, 2014 between, among others, the Lender and the Borrower (as same may be amended, modified, supplemented or replaced from time to time, hereinafter called the “**First Amended and Restated Credit Agreement**”);

AND WHEREAS the First Amended and Restated Credit Agreement was further amended and restated pursuant to a credit agreement dated as of September 2, 2016 between, among others, the Lender and the Borrower (as same may be amended, modified, supplemented or replaced from time to time, hereinafter called the “**Second Amended and Restated Credit Agreement**”);

AND WHEREAS the Second Amended and Restated Credit Agreement has or will be further amended and restated pursuant to a credit agreement dated as of April 20, 2018 between, among others, the Lender and the Borrower (as same may be amended, modified, supplemented or replaced from time to time, hereinafter called the “**Credit Agreement**”);

AND WHEREAS in connection with the Original Credit Agreement, the Borrower executed and delivered certain mortgages, assignments and other security in favour of the Lender as security for its present and future obligations to the Lender under the Original Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, collectively, the “**Borrower Security**”) including, but not limited to, the Borrower Security listed on Schedule “A” attached hereto;

AND WHEREAS in connection with the Original Credit Agreement, each of the Guarantors executed and delivered a guarantee in favour of the Lender as security for the payment and performance of all present and future obligations of the Borrower to the Lender under the Original Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time, collectively, the “**Existing Guarantees**”) and each of the Guarantors executed and delivered certain mortgages, assignments and other security, as applicable, in favour of the Lender as security for each of the Guarantor’s obligations to the Lender pursuant to its respective Existing Guarantee (as amended, restated, supplemented or otherwise modified from time to time, collectively, the “**Guarantor Security**” and together with the “**Borrower Security**”,

2.

collectively, the “**Existing Security**”) including, but not limited to, the Guarantor Security listed on Schedule “A” attached hereto;

AND WHEREAS in connection with the First Amended and Restated Credit Agreement, the Borrower and each of the Guarantors executed and delivered, to an in favour of the Lender, a confirmation of guarantee and security, pursuant to which the Borrower and each of the Guarantors, among other things, acknowledged and confirmed the continued existence, binding effect and enforceability of the Existing Security as security in favour of the Lender for each of their respective present and future debts, liabilities and obligations to the Lender under or pursuant to the First Amended and Restated Credit Agreement;

AND WHEREAS in connection with the Second Amended and Restated Credit Agreement, the Borrower and each of the Guarantors executed and delivered, to an in favour of the Lender, a confirmation of guarantee and security, pursuant to which the Borrower and each of the Guarantors, among other things, acknowledged and confirmed the continued existence, binding effect and enforceability of the Existing Security as security in favour of the Lender for each of their respective present and future debts, liabilities and obligations to the Lender under or pursuant to the First Amended and Restated Credit Agreement

AND WHEREAS the Borrower wishes to acknowledge the continued existence, binding effect and enforceability of the Borrower Security and to confirm that the Borrower Security continues as security in favour of the Lender for its present and future debts, liabilities and obligations to the Lender under or pursuant to the Credit Agreement;

AND WHEREAS each of the Guarantors wishes to acknowledge the continued existence, binding effect and enforceability of the Existing Guarantees and the Guarantor Security to which it is a party and to confirm that (i) the Existing Guarantees to which it is a party continue as security in favour of the Lender for the present and future debts, liabilities and obligations of the Borrower to the Lender under or pursuant to the Credit Agreement, and (ii) the Guarantor Security to which it is a party continues as security for its respective present and future debts, liabilities and obligations to the Lender under or pursuant to the Existing Guarantees to which it is a party;

NOW THEREFORE, in consideration of the Lender continuing to make the credit facilities available to the Borrower, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Borrower and each Guarantor, the Borrower and each Guarantor hereby covenants and agrees as follows:

1. The Borrower and each Guarantor hereby confirms, represents and warrants to and in favour of the Lender that it continues to be bound by the provisions of the Existing Guarantees and the Existing Security to which it is a party. The Borrower and each Guarantor further confirms that the Existing Guarantees and the Existing Security to which it is a party continue in full force and effect as general and continuing collateral security for all of the respective debts, liabilities and obligations of the Borrower and each Guarantor to the Lender, including, without limitation, any and all liabilities, indebtedness and obligations arising under or pursuant to the terms of the Credit

3.

Agreement, the Existing Guarantees and the Existing Security and the transactions contemplated thereby (collectively, the “**Obligations**”).

2. The Borrower and each Guarantor hereby ratifies, confirms and agrees with the Lender that the Existing Guarantees and the Existing Security to which it is a party and the mortgages, charges, assignments, pledges, liens and security interests created thereby and secured thereunder are valid and enforceable in accordance with their respective terms with respect to the Obligations and shall remain in place and continue to be binding and effective as against the Borrower or such Guarantor, as the case may be, and shall, without limitation, stand as continuing security for the payment and performance of all of the Obligations.
3. The Borrower and each Guarantor hereby represents and warrants to the Lender that all corporate by-laws and directors’ resolutions which authorized the execution and delivery of the Original Credit Agreement, the Existing Guarantees and the Existing Security continue to apply with full force and effect, and that all necessary corporate action has been taken to authorize the execution and delivery of the Credit Agreement and to confirm that the Existing Guarantees and the Existing Security secure all Obligations.
4. The Borrower and each Guarantor hereby acknowledges and confirms that the Credit Agreement, the Existing Guarantees and the Existing Security to which it is a party and all other agreements, filings and registrations with respect to the Credit Agreement, the Existing Guarantees and the Existing Security and all other interests granted by the Borrower and/or such Guarantor, as the case may be, in favour of the Lender, shall remain in place and continue to be binding and effective as against the Borrower and each Guarantor, as applicable.
5. The Borrower and each Guarantor will, from time to time at the request of the Lender, make and do all such acts and things and execute and deliver all such instruments, agreements and documents as the Lender may reasonably request in order to create, preserve, perfect, validate or otherwise protect its rights under the Credit Agreement, the Existing Guarantees and Existing Security and the transactions contemplated thereby, and to exercise and enforce its rights and remedies thereunder and generally carry out the provisions and purposes of the Credit Agreement and the Existing Guarantees and Existing Security.
6. This Agreement shall be deemed to be delivered pursuant to the Credit Agreement and referred to therein.
7. This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purpose of legal proceedings, this Agreement shall be deemed to have been made in the said province and to be performed there and the courts of that province shall have jurisdiction over all disputes which may arise under this Agreement.

4.

8. This Agreement shall be binding on the Borrower and the Guarantors and each of their respective successors and permitted assigns and shall enure to the benefit of the Lender and its successors and assigns.

[Signature Page Follows.]

5.

DATED this 29th day of June, 2018.

SIMEX INC.

By: 
Name: Michael Needham
Title: President and CEO

I have authority to bind the corporation

CINEMA 4D INC.

By: 
Name: Michael Needham
Title: President and CEO

I have authority to bind the corporation

6618359 CANADA INC.

By: 
Name: Michael Needham
Title: President and CEO

I have authority to bind the corporation

6.

6618391 CANADA INC.

By: 
Name: Michael Needham
Title: President and CEO

I have authority to bind the corporation

SIMEX SANTA'S LATE INC.

By: 
Name: Michael Needham
Title: President and CEO

I have authority to bind the corporation

SCHEDULE “A”**EXISTING GUARANTEES AND SECURITY**

- 1) General security agreement dated January 26, 2006 executed by Simex Inc. (the “**Borrower**”) in favour of the Lender.
- 2) Securities pledge agreement dated February 14, 2007 executed by the Borrower in favour of the Lender.
- 3) Security agreement (accounts receivable) dated June 9, 2009 executed by the Borrower in favour of the Lender.
- 4) Security agreement (inventory) dated June 9, 2009 executed by the Borrower in favour of the Lender.
- 5) Guarantee and postponement of claim dated December 7, 2009 executed by 6618359 Canada Inc. (“**6618359**”) in favour of the Lender.
- 6) General security agreement dated December 7, 2009 executed by 6618359 in favour of the Lender.
- 7) Guarantee and postponement of claim dated December 7, 2009 executed by 6618391 Canada Inc. (“**6618391**”) in favour of the Lender.
- 8) General security agreement dated December 7, 2009 executed by 6618391 in favour of the Lender.
- 9) Guarantee and postponement of claim dated December 7, 2009 executed by Cinema 4D Inc. (“**Cinema**”) in favour of the Lender.
- 10) General security agreement dated December 7, 2009 executed by Cinema in favour of the Lender.
- 11) Guarantee and postponement of claim dated December 7, 2009 executed by Simex Santa’s Late Inc. (“**Simex Santa**”) in favour of the Lender.
- 12) General security agreement dated December 7, 2009 executed by Simex Santa in favour of the Lender.

REAFFIRMATION
AND AMENDMENT TO SECURITY DOCUMENTS

THIS REAFFIRMATION AND AMENDMENT TO SECURITY DOCUMENTS (“**Reaffirmation**”) is made as of June 29, 2018, by and among IWERKS ENTERTAINMENT, INC., a Delaware corporation (“**Guarantor**”) and ROYAL BANK OF CANADA (the “**Lender**”). Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Amended and Restated Loan Agreement (as hereinafter defined).

WITNESSETH:

WHEREAS, pursuant to that certain loan agreement dated as of January 6, 2011 between, *inter alia*, Simex Inc. (“**Borrower**”), Guarantor and the Lender (including all riders, exhibits and schedules thereto, and as from time to time amended, restated, supplemented or otherwise modified, the “**Original Loan Agreement**”), the Lender agreed to make certain loans to Borrower, as guaranteed by Guarantor, among others;

WHEREAS, the Original Loan Agreement was amended and restated pursuant to that certain loan agreement dated as of December 1, 2014 between, *inter alia*, Borrower, Guarantor and the Lender (including all riders, exhibits and schedules thereto, and as from time to time amended, restated, supplemented or otherwise modified, the “**First Amended and Restated Loan Agreement**”);

WHEREAS, the Original Loan Agreement was further amended and restated pursuant to that certain loan agreement dated as of September 2, 2016 between, *inter alia*, Borrower, Guarantor and the Lender (including all riders, exhibits and schedules thereto, and as from time to time amended, restated, supplemented or otherwise modified, the “**Second Amended and Restated Loan Agreement**”);

WHEREAS, contemporaneously herewith, the Borrower, Guarantor and the Lender, among others, are entering into a certain loan agreement to be dated as of April 20, 2018 (including all riders, exhibits and schedules thereto, and as from time to time amended, restated, supplemented or otherwise modified, the “**Amended and Restated Loan Agreement**”) which supersedes and cancels the Second Amended and Restated Loan Agreement and any outstanding amounts owing to the Lender under the Second Amended and Restated Loan Agreement shall be deemed a borrowing under the Amended and Restated Loan Agreement;

WHEREAS, Guarantor will derive both direct and indirect benefits from the loans and other financial accommodations made to the Borrower pursuant to the Amended and Restated Loan Agreement; and

WHEREAS, to induce the Lender to enter into the Amended and Restated Loan Agreement and to induce the Lender to make and continue to make the loans as provided for in the Amended

and Restated Loan Agreement, Guarantor hereby enters into this Reaffirmation to acknowledge and agree that the Existing Security Documents (as hereinafter defined) and the liens, security interests and guarantees granted and issued thereunder, secure and guaranty the borrowings and other obligations under the Amended and Restated Loan Agreement pursuant to the terms and conditions of the Existing Security Documents.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned agrees as follows:

1. Existing Security Documents. “Existing Security Documents” as used herein shall mean, collectively:

(a) the Guaranty dated as of December 1, 2014, by Guarantor in favor of the Lender (the “**Original Guaranty**”);

(b) the General Security Agreement dated as of December 1, 2014, by Guarantor in favor of the Lender;

(c) the Security Agreement dated as of December 1, 2014, by Guarantor in favor of the Lender;

(d) the Guarantee and Security Confirmation Agreement, dated September 15, 2016, by the Guarantor in favor of the Lender;

(e) the Reaffirmation and Amendment to Security Documents Agreement, dated September 15, 2016, by the Guarantor in favor of the Lender; and

(f) the Amended and Restated Guaranty, dated September 15, 2016, by the Guarantor in favor of the Lender (together with the Original Guaranty, the “**Guaranty**”).

2. Amendments to Existing Security Documents. To the extent applicable, references in each Existing Security Document to the Second Amended and Restated Loan Agreement shall constitute references to the Amended and Restated Loan Agreement and cross references, if any, in the Existing Security Documents to particular section references in the Second Amended and Restated Loan Agreement shall be deemed to be cross references to the corresponding sections of the Amended and Restated Loan Agreement.

3. Reaffirmation. In connection with the execution and delivery of the Amended and Restated Loan Agreement and after taking account of the provisions of the Amended and Restated Loan Agreement, Guarantor, as grantor, mortgagor, pledgor, guarantor, assignor, as and to the extent applicable, or in other similar capacity in which it grants liens or security interests in its properties or otherwise acts as an accommodation party or guarantor, as the case may be, in any case under any one or more Existing Security Documents to which it is and if a party, ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under, and pursuant and subject to the terms and conditions of, each such Existing Security Document to which it is a party as deemed amended pursuant to Section 2 of this Reaffirmation. To the extent Guarantor granted a lien on or security interest in its assets pursuant to any such Existing Security

Document as security for the borrowings and other obligations under or with respect to the Amended and Restated Loan Agreement, it hereby ratifies and reaffirms such grant of security and confirms and agrees that such lien has been and is hereby granted to the Lender under the Amended and Restated Loan Agreement and the security interest hereafter secures all of the borrowings and other obligations under the Amended and Restated Loan Agreement. In each case each reference in such Existing Security Document to the obligations secured thereby shall be construed to hereafter mean and refer to the obligations under the Amended and Restated Loan Agreement. Guarantor hereby consents to the terms and conditions of the Amended and Restated Loan Agreement and reaffirms its obligations under the Guaranty, and agrees that, pursuant and subject to the terms of the Guaranty, same shall apply to the Amended and Restated Loan Agreement in the same manner as it applied to the Second Amended and Restated Loan Agreement. Guarantor acknowledges receipt of a copy of the Amended and Restated Loan Agreement and acknowledges that each of the Existing Security Documents to which it is a party remains in full force and effect and as hereby modified, ratified and confirmed. The execution of this Reaffirmation shall not operate as a waiver of any right, power or remedy of the Lender, nor constitute a waiver of any provision of any of the Existing Security Documents nor constitute a novation of any of the borrowings and other obligations under the Amended and Restated Loan Agreement or Existing Security Documents as amended pursuant to Section 2 of this Reaffirmation.

4. Successors and Assigns. This Reaffirmation shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. The successors and assigns of such entities shall include, without limitation, their respective receivers, trustees, or debtors-in-possession.

5. Further Assurances. Guarantor hereby agrees from time to time, as and when requested by the Lender to execute and deliver or cause to be executed and delivered, all such documents, instruments and agreements and to take or cause to be taken such further or other action as the Lender may reasonably deem necessary or desirable in order to carry out the intent and purposes of this Reaffirmation.

6. Definitions. All references to the singular shall be deemed to include the plural and vice versa where the context so requires.

7. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

8. Severability. Wherever possible, each provision of this Reaffirmation shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Reaffirmation shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Reaffirmation.

9. Execution in Counterparts. This Reaffirmation may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

10. Section Headings. The section headings herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

11. No Amendment. Notwithstanding any provision to the contract herein, Guarantor's execution and delivery of this Reaffirmation shall not constitute a modification of the specific terms and conditions of the Existing Security Documents, it being acknowledged and agreed that this Reaffirmation is intended solely to confirm and agree that the current terms and conditions of the Existing Security Documents shall apply with respect to the Amended and Restated Loan Agreement, rather than the First Amended and Restated Loan Agreement.

*Balance of Page Intentionally Left Blank
- Signature Page Follows -*

WITNESS the due execution of this Reaffirmation by the respective duly authorized officers of the undersigned as of the date first written above.

IWERKS ENTERTAINMENT, INC.

By: 
Name: Michael Needham
Title: President and CEO

ROYAL BANK OF CANADA

By: _____
Authorized Signatory

WITNESS the due execution of this Reaffirmation by the respective duly authorized officers of the undersigned as of the date first written above.

IWERKS ENTERTAINMENT, INC.

By: _____
Name: _____
Title: _____

ROYAL BANK OF CANADA

By:  _____
Authorized Signatory

Jane Stephens Senior Relationship Manager RBC Media & Entertainment

GUARANTY

This Guaranty, dated with effect as of the 29th day of June, 2018, (the “**Guaranty**”) is made by Iwerks Entertainment, Inc. (the “**Guarantor**”).

WHEREAS the Guarantor and SimEx Inc. (the “**Debtor**”) have entered into an amended and restated credit agreement with Royal Bank of Canada (the “**Lender**”) dated December 1, 2014, as the same was further amended and restated by a credit agreement dated September 2, 2016, as same has been or will be further amended and restated by a credit agreement dated April 20, 2018 (as it may be amended, supplemented or replaced from time to time is herein called, the “**Credit Agreement**”);

AND WHEREAS the facilities under the Credit Agreement shall be used, *inter alia*, to finance Eligible Pre-Shipment Costs (as defined in the Credit Agreement) pursuant to Export Development Canada’s pre-shipment finance program;

AND WHEREAS the Guarantor is a wholly-owned subsidiary of the Debtor and the Guarantor and the Debtor are operated as part of one combined business group and are dependent upon each other for and in connection with their respective business activities and financial resources;

AND WHEREAS it is a condition to the extension of credit by the Lender to the Debtor that all subsidiaries of the Debtor provide certain guaranties in respect of the Debtor’s present and future, direct and indirect obligations to the Lender and, accordingly, the Guarantor has provided this Guaranty;

AND WHEREAS the Guarantor is dependent on the Debtor for certain of its working capital needs and will obtain working capital and substantial direct and indirect economic, financial and other benefits as a result of the extensions of credit to the Debtor under the Credit Agreement and, accordingly, the Guarantor desires to enter into this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Lender and hereby covenants and agrees with the Lender as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to the Lender, the due and punctual payment of all present and future, direct or indirect, contingent or absolute, indebtedness, liabilities and obligations of the Debtor to the Lender up to the maximum principal amount of US\$12,000,000 (the “**Guaranteed Obligations**”), including, but not limited to, the due and punctual payment of principal of and interest owing by the Debtor to the Lender under the Credit Agreement and any and all promissory notes which may be issued by the Debtor in respect of its said indebtedness as and when the same shall become due and payable, whether at stated maturity, by acceleration or otherwise. In case of failure by the Debtor punctually to pay any of the Guaranteed Obligations, the

Guarantor hereby unconditionally agrees to make such payment forthwith upon demand by the Lender.

2. This Guaranty shall be a continuing guaranty and shall secure the Guaranteed Obligations and any ultimate balance thereof, notwithstanding that the Debtor may from time to time satisfy the Guaranteed Obligations in whole or in part and thereafter incur further Guaranteed Obligations.
3. All monies, advances, renewals or credits in fact borrowed or obtained from the Lender by the Debtor shall be deemed to form part of the Guaranteed Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Debtor or its directors, officers, employees or agents, or that the Debtor may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Debtor is in excess of the powers of the Debtor or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Lender has no obligation to enquire into the powers of the Debtor or any of its directors, officers, employees or agents acting or purporting to act on its behalf, and shall be entitled to rely on this provision notwithstanding any actual or imputed knowledge regarding any of the foregoing matters.
4. The obligations of the Guarantor under this Guaranty shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:
 - (a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Debtor under any other document instrument or agreement ancillary to the Credit Agreement (each a “**Loan Document**”), or of any other guarantor of any of the Guaranteed Obligations, by operation of law or otherwise;
 - (b) any modification or amendment of or supplement to the Credit Agreement or any other Loan Document, or the waiver of any term or condition contained therein;
 - (c) any lack of validity or enforceability in whole or in part of the Guaranteed Obligations, any Loan Document or any other agreement between the Lender and the Debtor relating to the advance of monies or granting of credit to the Debtor;
 - (d) any change in the name, purposes, capital stock, organizational documents or by-laws, ownership or control of the Debtor;
 - (e) any change in the corporate existence, structure or ownership of (including any of the foregoing arising from any merger, consolidation, amalgamation or similar transaction), or any insolvency, bankruptcy, reorganization or other similar proceeding affecting, the Debtor, any other guarantor of any of the Guaranteed Obligations, or any of their respective assets, or any resulting release or discharge of any obligation of the Debtor or of any other such guarantor contained in any Loan Document (it being understood and agreed that the term “**Debtor**” as used in this Guaranty shall mean and include any corporation, partnership, association

or any other entity or organization resulting from a merger, consolidation, amalgamation or similar transaction involving the Debtor);

- (f) the existence of any claim, set-off or other rights which the Debtor or the Guarantor may have at any time against the Lender or any other person, whether arising in connection with the Loan Documents or this Guaranty or otherwise;
- (g) the loss of or failure to obtain, register, perfect or maintain any security interest held by the Lender, whether occasioned through the Lender's failure or neglect or otherwise;
- (h) the valuation by the Lender of any of its collateral, which shall not be considered as a purchase of such collateral, or as payment on account of the Guaranteed Obligations;
- (i) any failure to assert, or any assertion of, any claim or demand or any exercise of, or failure to exercise, any rights or remedies against the Debtor or any other guarantor of any of the Guaranteed Obligations or any of their respective properties;
- (j) any application of any sums by whomsoever paid or howsoever realized to any obligation of the Debtor regardless of what Guaranteed Obligations of the Debtor remain unpaid;
- (k) any provision of applicable law or regulation purporting to prohibit the payment by the Debtor or any other guarantor of any of the Guaranteed Obligations; or
- (l) any other act or omission of any kind by the Lender or any other circumstance whatsoever that might constitute a legal or equitable discharge of the Guaranteed Obligations of the Guarantor hereunder.

In order to hold the Guarantor liable hereunder, there shall be no obligation on the part of the Lender, at any time, to resort for payment to the Debtor or any other guarantor of any of the Guaranteed Obligations, or resort to any collateral, security, property, liens or other rights or remedies whatsoever, and the Lender shall have the right to enforce this Guaranty irrespective of whether or not other proceedings or steps seeking resort or realization upon or from any of the foregoing are pending.

5. Without realizing, discharging, limiting or otherwise affecting in whole or in part the obligations of the Guarantor under this Guaranty, and without notice to or the consent of the Guarantor, the Lender may from time to time:
 - (a) amend the terms and conditions applicable to the Guaranteed Obligations, waive compliance with any such terms or conditions in whole or in part, or amend or terminate any agreement applicable to the Guaranteed Obligations;
 - (b) make advances to the Debtor and receive repayments in respect of the Guaranteed Obligations, and increase or decrease the amount of credit available to the Debtor;

- (c) grant time, renewals, extensions, indulgences, releases and discharges to the Debtor;
- (d) take or refrain from taking guaranties from other parties or collateral from the Debtor, any guarantor of the Debtor or any other party, or from filing or registering any financing statement or other instrument or perfecting any security interest;
- (e) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any and all collateral given by the Debtor, any guarantor of the Debtor or any other party, with or without consideration;
- (f) accept compromises or arrangements from the Debtor, any guarantor of the Debtor or any other party;
- (g) exercise any right or remedy which it may have against the Debtor, any guarantor of the Debtor or any other party or with respect to any collateral;
- (h) apply all monies at any time received from the Debtor, any guarantor of the Debtor or other party or from the proceeds of any collateral upon such part of the Guaranteed Obligations as the Lender may see fit, or change any such application in whole or in part from time to time as the Lender may see fit, notwithstanding any direction which may be given to the Lender regarding application of such monies by the Debtor, any guarantor of the Debtor or any other party; and
- (i) otherwise deal with, or waive or modify its right to deal with, the Debtor, any guarantor of the Debtor or any other party and all collateral held by the Lender granted pursuant to the Loan Documents, as the Lender may see fit in its absolute discretion.

Any amount which is not enforceable hereunder as a guaranty shall be recoverable from the Guarantor as principal debtor. Accordingly, the Guarantor shall not be discharged nor shall the liability of the Guarantor be affected by any act, thing, omission or means whatsoever which would have resulted in the discharge or release of the liability of the Guarantor under this Guaranty if the Guarantor had not been liable as principal debtor.

6. The Guarantor's obligations hereunder shall remain in full force and effect until the commitment by the Lender to extend credit to the Debtor under the Loan Documents is terminated and the Guaranteed Obligations shall have been indefeasibly paid and satisfied in full. If at any time any payment by the Debtor under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Debtor or of any other guarantor of any of the Guaranteed Obligations, or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.
7. (a) The Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at

any time any action be taken by the Lender or any other person against the Debtor or any other guarantor of any of the Guaranteed Obligations.

- (b) The Guarantor hereby agrees not to exercise or enforce any right of exoneration, contribution, reimbursement, recourse or subrogation available to the Guarantor against the Debtor or any other guarantor of any of the Guaranteed Obligations, or as to any collateral therefor, unless and until the commitment by the Lender to extend credit to the Debtor under the Loan Documents is terminated and the Guaranteed Obligations shall have been paid and satisfied in full. The Guarantor shall have no right to be subrogated to the Lender unless: (i) the Guarantor shall have paid to the Lender an amount equal to the then outstanding amount of the Guaranteed Obligations together with all interest, expenses and other amounts due hereunder; (ii) any other party regarded by the Lender as having a potential right of subrogation shall have waived such right and consented in writing to the subrogation; (iii) the Lender shall have received from the Debtor a release of all claims and demands which the Debtor may have against the Lender, including any obligation of the Lender to grant additional credit to the Debtor; and (iv) the Guarantor shall have executed and delivered to the Lender a release of any claims which the Guarantor may have against the Lender in respect of the Guaranteed Obligations or this Guaranty, together with an acknowledgment that the Guaranteed Obligations and any collateral assigned by the Lender to the Guarantor shall be assigned on an “as is, where is” basis and without recourse to the Lender. All documents listed above shall be in form and substance satisfactory to the Lender.

8. The Guarantor hereby represents and warrants to the Lender that:

- (a) the Guarantor is not insolvent and will not be rendered insolvent or left with unreasonably small capital as a result of giving this Guaranty;
- (b) the Guarantor and the Debtor operate as a single consolidated business group (along with other entities) for purposes of GAAP and are dependent upon each other for and in connection with their respective business activities and financial resources. The extension of credit to the Debtor by the Lender constitutes an economic benefit to the Guarantor and is in the best interests of the Guarantor. The board of directors or other management board of the Guarantor has deemed it advisable and in the best interest of the Guarantor that this Guaranty be entered into.
- (c) subject to section 25, the fair value of the business and assets of the Guarantor after taking into account the likelihood of any payment being required in respect of any contingent liability (including, without limitation, the Guaranteed Obligations), is in excess of the amount that will be required to pay its liabilities (including, without limitation, contingent, subordinated, unmatured and unliquidated liabilities on existing debts, as such liabilities may become absolute and matured), in each case both before and after giving effect to this Guaranty. Subject to section 25, after giving effect to this Guaranty, the Guarantor will not

be insolvent and will not be engaged in any business or transaction or about to be engaged in any business or transaction, for which it has unreasonably small capital, and the Guarantor does not have any intent to hinder, delay or defraud any entity to which it is, or will become, indebted or to incur debts that would be beyond its ability to pay as they mature.

9. The Guarantor hereby covenants and agrees that if any judicial proceeding is brought by the Lender against the Guarantor to enforce any right or remedy under this Guaranty, no immunity from such proceedings will be claimed by or on behalf of the Guarantor or with respect to its properties.
10. If acceleration of the time for payment of any amount payable by the Debtor under the Loan Agreement or any other Loan Document is stayed upon the insolvency, bankruptcy or reorganization of the Debtor, all such amounts otherwise subject to acceleration under the terms of the Loan Agreement or the other Loan Documents shall nonetheless be payable by the Guarantor hereunder, forthwith on demand by the Lender.
11. Any payment of a Guaranteed Obligation required to be made pursuant to this Guaranty shall be made in the currency which such Guaranteed Obligation is required to be made in pursuant to the Credit Agreement or such other Loan Document giving rise to such Guaranteed Obligation.
12. This Guaranty shall be binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Lender may, to the extent permitted by the Credit Agreement, sell, transfer or assign its rights in the Guaranteed Obligations held by it, or any part thereof, and in that event, each and every immediate and successive assignee or transferee of all or any part of the Guaranteed Obligations shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder as fully as if such assignee or transferee or holder were herein by name specifically given such rights, powers and benefits; but the Lender shall have an unimpaired right to enforce this Guaranty for its own benefit or for the benefit of any participant as to so much of the Guaranteed Obligations that it has not sold, assigned or transferred.
13. The Guarantor acknowledges that executed (or conformed) copies of the Credit Agreement and the other Loan Documents have been made available to its principal executive officers and such officers are familiar with the contents thereof.
14. Any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by the Debtor, or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Lender shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.
15. The records of the Lender as to the unpaid balance of the Guaranteed Obligations at any time and from time to time shall be prima facie evidence thereof without further or other

proof for all purposes, including the enforcement of this Guaranty and any collateral therefor.

16. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient) imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so required, the Guarantor shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Lender free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Lender would have received had such withholding not been made.
17. Each reference in the Credit Agreement or any other Loan Document to currency of the United States of America or to an alternative currency (the “**relevant currency**”) is of the essence. To the fullest extent permitted by law, the obligation of the Guarantor in respect of any amount due in the relevant currency under the Credit Agreement shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the Lender entitled to receive such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the business day immediately following the day on which the Lender receives such payment. If the amount of the relevant currency so purchased is less than the sum originally due to the Lender in the relevant currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the specified currency so purchased exceeds the amount originally due to the Lender in the specified currency the Lender agrees to remit such excess to the Guarantor.
18. The Guarantor shall from time to time forthwith upon demand pay to the Lender all reasonable legal fees and other expenses incurred by the Lender in the preservation or enforcement of any of its rights hereunder.
19. After demand for payment by the Lender under this Guaranty which payment has not been made, the Lender may from time to time set-off the obligations of the Guarantor to the Lender under this Guaranty against any and all deposits at any time held by the Lender for the account of the Guarantor and any other indebtedness at any time owing by the Lender to the Guarantor.
20. This Guaranty constitutes the entire agreement between the Guarantor and the Lender relating to the subject-matter hereof, and no amendment shall be effective unless made in writing. Possession of a signed copy of this Guaranty shall constitute conclusive evidence that: (i) this Guaranty was signed and delivered by the Guarantor to the Lender free of all conditions; (ii) there is no agreement or understanding between the Lender and the Guarantor that this Guaranty was delivered in escrow or is not intended to be effective

until the occurrence of any event or the satisfaction of any condition; (iii) the Lender has made no representations, statements or promises to the Guarantor regarding the Debtor, the collateral held by the Lender, the circumstances under which the Lender may enforce this Guaranty, the manner in which the Lender might enforce this Guaranty or any other matter which might conflict with the provisions expressly set out herein; and (iv) there are no representations, statements, promises, understandings, warranties, conditions or collateral agreements between the Lender and the Guarantor relating to the subject-matter of this Guaranty, other than as set out herein.

21. THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING, BUT NOT LIMITED TO, SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.
22. The obligation of the Guarantor hereunder shall be absolute and unconditional under all circumstances and irrespective of the validity or the enforceability of the Guaranteed Obligations and irrespective of any present or future law of any government or of any agency thereof purporting to reduce, amend or otherwise affect any of the Guaranteed Obligations. To the extent that the Guarantor or any of its properties or revenues has or hereafter may acquire any right of immunity from suit, judgment or execution, the Guarantor hereby irrevocably waives such right of immunity in respect of its Guaranteed Obligations hereunder and in respect of any action or proceeding, wherever brought, to enforce any judgment against the Guarantor for breach of any of such Guaranteed Obligations.
23. The Guarantor hereby submits to the non-exclusive jurisdiction of any court of record of the State of New York or any U.S. federal court located in the State of New York for purposes of all legal proceedings arising out of or relating to this Guaranty, the Loan Agreement, the other Loan Documents or the transactions contemplated hereby or thereby, and consents to the service of process by registered or certified mail to the Guarantor or the process agent set out on the last page hereof, which the Guarantor hereby irrevocably appoints as its agent to receive, for it and on its behalf, service of process in any action or proceeding in New York. Such service shall be deemed completed 3 business days after such mailing by certified or registered mail to the Guarantor or such process agent (whether or not a copy is forwarded to and received by the Guarantor) provided that notice of such service of process on such process agent is given by mail by the Lender to the Guarantor. If, for any reason, such process agent ceases to be able to act as process agent, the Guarantor irrevocably agrees to appoint a substitute process agent acceptable to the Lender and to deliver to the Lender a copy of the new agent's acceptance of that appointment within thirty days. Nothing contained herein shall affect the right of the Lender to serve legal process in any other manner or to bring any proceeding hereunder in any jurisdiction where the Guarantor may be amenable to suit. The Guarantor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in

such a court has been brought in an inconvenient forum. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of the Guarantor to the Lender therein described) against the Guarantor in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment. THE GUARANTOR AND THE LENDER HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE GUARANTY, ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

24. If there is any conflict or inconsistency between this Guaranty and Credit Agreement, the provisions of the Credit Agreement shall govern and prevail, but only to the extent of such conflict or inconsistency.
25. The payment of the Guaranteed Obligations shall not be guaranteed by the Guarantor to the extent of any amount in excess of the maximum amount that can be so guaranteed without rendering this Guaranty unenforceable under applicable law as a fraudulent conveyance or transfer.
26. This Guaranty and the Guarantor's liability under this Guaranty are in addition to and not in substitution for (a) any other collateral security, by whomsoever given, at any time held by the Lender and (b) any present or future obligation of the Guarantor or any other obligor to the Lender incurred otherwise than under this Guaranty, whether the Guarantor or such other obligor is bound with or apart from the Debtor.
27. The Guarantor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and singular every such further act, deed, transfer, assignment, assurance, document and instrument as the Lender may reasonably require for the better accomplishing and effectuating of this Guaranty and the provisions contained herein, and every officer of the Lender is irrevocably appointed attorneys or attorney to execute in the name and on behalf of the Guarantor any document or instrument for the said purpose; provided that the Lender may exercise this power of attorney only if the Guarantor has failed to execute any such document after having been requested to do so in writing by the Lender.

[Signature Page Follows]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

IWERKS ENTERTAINMENT, INC.

By:



Name: Michael Needham

Title: President and CEO

210 King St East, Suite 600
Toronto, ON M5A 1J7
Canada

T: 416-597-1585 x208

F: 416-597-0350

E: milangh@simex.ca

Name, Address, Fax and Email Address of Process Agent:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
Fax: (302) 655-5049
Email: info@ctadvantage.com

GUARANTY

This Guaranty, dated with effect as of the 29 day of June, 2018, is made by Simex-Iwerks Myrtle Beach, LLC (the “**Guarantor**”).

WHEREAS the Guarantor and SimEx Inc. (the “**Debtor**”) have entered into an amended and restated credit agreement with Royal Bank of Canada (the “**Lender**”) dated December 1, 2014, as the same was further amended and restated by a credit agreement dated September 2, 2016, as same has been or will be further amended and restated by a credit agreement dated April 20, 2018, (as it may be amended, supplemented or replaced from time to time is herein called, the “**Credit Agreement**”);

AND WHEREAS the facilities under the Credit Agreement shall be used, *inter alia*, to finance Eligible Pre-Shipment Costs (as defined in the Credit Agreement) pursuant to Export Development Canada’s pre-shipment finance program;

AND WHEREAS the Guarantor is a wholly-owned subsidiary of the Debtor and the Guarantor and the Debtor are operated as part of one combined business group and are dependent upon each other for and in connection with their respective business activities and financial resources;

AND WHEREAS it is a condition to the extension of credit by the Lender to the Debtor that all subsidiaries of the Debtor provide certain guaranties in respect of the Debtor’s present and future, direct and indirect obligations to the Lender and, accordingly, the Guarantor has provided this Guaranty;

AND WHEREAS the Guarantor is dependent on the Debtor for certain of its working capital needs and will obtain working capital and substantial direct and indirect economic, financial and other benefits as a result of the extensions of credit to the Debtor under the Credit Agreement and, accordingly, the Guarantor desires to enter into this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Lender and hereby covenants and agrees with the Lender as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to the Lender, the due and punctual payment of all present and future, direct or indirect, contingent or absolute, indebtedness, liabilities and obligations of the Debtor to the Lender up to the maximum principal amount of US\$12,000,000 (the “**Guaranteed Obligations**”), including, but not limited to, the due and punctual payment of principal of and interest owing by the Debtor to the Lender under the Credit Agreement and any and all promissory notes which may be issued by the Debtor in respect of its said indebtedness as and when the same shall become due and payable, whether at stated maturity, by acceleration or otherwise. In case of failure by the Debtor punctually to pay any of the Guaranteed Obligations, the

Guarantor hereby unconditionally agrees to make such payment forthwith upon demand by the Lender.

2. This Guaranty shall be a continuing guaranty and shall secure the Guaranteed Obligations and any ultimate balance thereof, notwithstanding that the Debtor may from time to time satisfy the Guaranteed Obligations in whole or in part and thereafter incur further Guaranteed Obligations.
3. All monies, advances, renewals or credits in fact borrowed or obtained from the Lender by the Debtor shall be deemed to form part of the Guaranteed Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Debtor or its directors, officers, employees or agents, or that the Debtor may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Debtor is in excess of the powers of the Debtor or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Lender has no obligation to enquire into the powers of the Debtor or any of its directors, officers, employees or agents acting or purporting to act on its behalf, and shall be entitled to rely on this provision notwithstanding any actual or imputed knowledge regarding any of the foregoing matters.
4. The obligations of the Guarantor under this Guaranty shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:
 - (a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Debtor under any other document instrument or agreement ancillary to the Credit Agreement (each a “**Loan Document**”), or of any other guarantor of any of the Guaranteed Obligations, by operation of law or otherwise;
 - (b) any modification or amendment of or supplement to the Credit Agreement or any other Loan Document, or the waiver of any term or condition contained therein;
 - (c) any lack of validity or enforceability in whole or in part of the Guaranteed Obligations, any Loan Document or any other agreement between the Lender and the Debtor relating to the advance of monies or granting of credit to the Debtor;
 - (d) any change in the name, purposes, capital stock, organizational documents or by-laws, ownership or control of the Debtor;
 - (e) any change in the corporate existence, structure or ownership of (including any of the foregoing arising from any merger, consolidation, amalgamation or similar transaction), or any insolvency, bankruptcy, reorganization or other similar proceeding affecting, the Debtor, any other guarantor of any of the Guaranteed Obligations, or any of their respective assets, or any resulting release or discharge of any obligation of the Debtor or of any other such guarantor contained in any Loan Document (it being understood and agreed that the term “**Debtor**” as used in this Guaranty shall mean and include any corporation, partnership, association

or any other entity or organization resulting from a merger, consolidation, amalgamation or similar transaction involving the Debtor);

- (f) the existence of any claim, set-off or other rights which the Debtor or the Guarantor may have at any time against the Lender or any other person, whether arising in connection with the Loan Documents or this Guaranty or otherwise;
- (g) the loss of or failure to obtain, register, perfect or maintain any security interest held by the Lender, whether occasioned through the Lender's failure or neglect or otherwise;
- (h) the valuation by the Lender of any of its collateral, which shall not be considered as a purchase of such collateral, or as payment on account of the Guaranteed Obligations;
- (i) any failure to assert, or any assertion of, any claim or demand or any exercise of, or failure to exercise, any rights or remedies against the Debtor or any other guarantor of any of the Guaranteed Obligations or any of their respective properties;
- (j) any application of any sums by whomsoever paid or howsoever realized to any obligation of the Debtor regardless of what Guaranteed Obligations of the Debtor remain unpaid;
- (k) any provision of applicable law or regulation purporting to prohibit the payment by the Debtor or any other guarantor of any of the Guaranteed Obligations; or
- (l) any other act or omission of any kind by the Lender or any other circumstance whatsoever that might constitute a legal or equitable discharge of the Guaranteed Obligations of the Guarantor hereunder.

In order to hold the Guarantor liable hereunder, there shall be no obligation on the part of the Lender, at any time, to resort for payment to the Debtor or any other guarantor of any of the Guaranteed Obligations, or resort to any collateral, security, property, liens or other rights or remedies whatsoever, and the Lender shall have the right to enforce this Guaranty irrespective of whether or not other proceedings or steps seeking resort or realization upon or from any of the foregoing are pending.

5. Without realizing, discharging, limiting or otherwise affecting in whole or in part the obligations of the Guarantor under this Guaranty, and without notice to or the consent of the Guarantor, the Lender may from time to time:
 - (a) amend the terms and conditions applicable to the Guaranteed Obligations, waive compliance with any such terms or conditions in whole or in part, or amend or terminate any agreement applicable to the Guaranteed Obligations;
 - (b) make advances to the Debtor and receive repayments in respect of the Guaranteed Obligations, and increase or decrease the amount of credit available to the Debtor;

- (c) grant time, renewals, extensions, indulgences, releases and discharges to the Debtor;
- (d) take or refrain from taking guaranties from other parties or collateral from the Debtor, any guarantor of the Debtor or any other party, or from filing or registering any financing statement or other instrument or perfecting any security interest;
- (e) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any and all collateral given by the Debtor, any guarantor of the Debtor or any other party, with or without consideration;
- (f) accept compromises or arrangements from the Debtor, any guarantor of the Debtor or any other party;
- (g) exercise any right or remedy which it may have against the Debtor, any guarantor of the Debtor or any other party or with respect to any collateral;
- (h) apply all monies at any time received from the Debtor, any guarantor of the Debtor or other party or from the proceeds of any collateral upon such part of the Guaranteed Obligations as the Lender may see fit, or change any such application in whole or in part from time to time as the Lender may see fit, notwithstanding any direction which may be given to the Lender regarding application of such monies by the Debtor, any guarantor of the Debtor or any other party; and
- (i) otherwise deal with, or waive or modify its right to deal with, the Debtor, any guarantor of the Debtor or any other party and all collateral held by the Lender granted pursuant to the Loan Documents, as the Lender may see fit in its absolute discretion.

Any amount which is not enforceable hereunder as a guaranty shall be recoverable from the Guarantor as principal debtor. Accordingly, the Guarantor shall not be discharged nor shall the liability of the Guarantor be affected by any act, thing, omission or means whatsoever which would have resulted in the discharge or release of the liability of the Guarantor under this Guaranty if the Guarantor had not been liable as principal debtor.

6. The Guarantor's obligations hereunder shall remain in full force and effect until the commitment by the Lender to extend credit to the Debtor under the Loan Documents is terminated and the Guaranteed Obligations shall have been indefeasibly paid and satisfied in full. If at any time any payment by the Debtor under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Debtor or of any other guarantor of any of the Guaranteed Obligations, or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.
7. (a) The Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at

any time any action be taken by the Lender or any other person against the Debtor or any other guarantor of any of the Guaranteed Obligations.

- (b) The Guarantor hereby agrees not to exercise or enforce any right of exoneration, contribution, reimbursement, recourse or subrogation available to the Guarantor against the Debtor or any other guarantor of any of the Guaranteed Obligations, or as to any collateral therefor, unless and until the commitment by the Lender to extend credit to the Debtor under the Loan Documents is terminated and the Guaranteed Obligations shall have been paid and satisfied in full. The Guarantor shall have no right to be subrogated to the Lender unless: (i) the Guarantor shall have paid to the Lender an amount equal to the then outstanding amount of the Guaranteed Obligations together with all interest, expenses and other amounts due hereunder; (ii) any other party regarded by the Lender as having a potential right of subrogation shall have waived such right and consented in writing to the subrogation; (iii) the Lender shall have received from the Debtor a release of all claims and demands which the Debtor may have against the Lender, including any obligation of the Lender to grant additional credit to the Debtor; and (iv) the Guarantor shall have executed and delivered to the Lender a release of any claims which the Guarantor may have against the Lender in respect of the Guaranteed Obligations or this Guaranty, together with an acknowledgment that the Guaranteed Obligations and any collateral assigned by the Lender to the Guarantor shall be assigned on an “as is, where is” basis and without recourse to the Lender. All documents listed above shall be in form and substance satisfactory to the Lender.

8. The Guarantor hereby represents and warrants to the Lender that:

- (a) the Guarantor is not insolvent and will not be rendered insolvent or left with unreasonably small capital as a result of giving this Guaranty;
- (b) the Guarantor and the Debtor operate as a single consolidated business group (along with other entities) for purposes of GAAP and are dependent upon each other for and in connection with their respective business activities and financial resources. The extension of credit to the Debtor by the Lender constitutes an economic benefit to the Guarantor and is in the best interests of the Guarantor. The board of directors or other management board of the Guarantor has deemed it advisable and in the best interest of the Guarantor that this Guaranty be entered into.
- (c) subject to section 25, the fair value of the business and assets of the Guarantor after taking into account the likelihood of any payment being required in respect of any contingent liability (including, without limitation, the Guaranteed Obligations), is in excess of the amount that will be required to pay its liabilities (including, without limitation, contingent, subordinated, unmatured and unliquidated liabilities on existing debts, as such liabilities may become absolute and matured), in each case both before and after giving effect to this Guaranty. Subject to section 25, after giving effect to this Guaranty, the Guarantor will not

be insolvent and will not be engaged in any business or transaction or about to be engaged in any business or transaction, for which it has unreasonably small capital, and the Guarantor does not have any intent to hinder, delay or defraud any entity to which it is, or will become, indebted or to incur debts that would be beyond its ability to pay as they mature.

9. The Guarantor hereby covenants and agrees that if any judicial proceeding is brought by the Lender against the Guarantor to enforce any right or remedy under this Guaranty, no immunity from such proceedings will be claimed by or on behalf of the Guarantor or with respect to its properties.
10. If acceleration of the time for payment of any amount payable by the Debtor under the Loan Agreement or any other Loan Document is stayed upon the insolvency, bankruptcy or reorganization of the Debtor, all such amounts otherwise subject to acceleration under the terms of the Loan Agreement or the other Loan Documents shall nonetheless be payable by the Guarantor hereunder, forthwith on demand by the Lender.
11. Any payment of a Guaranteed Obligation required to be made pursuant to this Guaranty shall be made in the currency which such Guaranteed Obligation is required to be made in pursuant to the Credit Agreement or such other Loan Document giving rise to such Guaranteed Obligation.
12. This Guaranty shall be binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Lender may, to the extent permitted by the Credit Agreement, sell, transfer or assign its rights in the Guaranteed Obligations held by it, or any part thereof, and in that event, each and every immediate and successive assignee or transferee of all or any part of the Guaranteed Obligations shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder as fully as if such assignee or transferee or holder were herein by name specifically given such rights, powers and benefits; but the Lender shall have an unimpaired right to enforce this Guaranty for its own benefit or for the benefit of any participant as to so much of the Guaranteed Obligations that it has not sold, assigned or transferred.
13. The Guarantor acknowledges that executed (or conformed) copies of the Credit Agreement and the other Loan Documents have been made available to its principal executive officers and such officers are familiar with the contents thereof.
14. Any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by the Debtor, or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Lender shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.
15. The records of the Lender as to the unpaid balance of the Guaranteed Obligations at any time and from time to time shall be prima facie evidence thereof without further or other

proof for all purposes, including the enforcement of this Guaranty and any collateral therefor.

16. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient) imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so required, the Guarantor shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Lender free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Lender would have received had such withholding not been made.
17. Each reference in the Credit Agreement or any other Loan Document to currency of the United States of America or to an alternative currency (the “**relevant currency**”) is of the essence. To the fullest extent permitted by law, the obligation of the Guarantor in respect of any amount due in the relevant currency under the Credit Agreement shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the Lender entitled to receive such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the business day immediately following the day on which the Lender receives such payment. If the amount of the relevant currency so purchased is less than the sum originally due to the Lender in the relevant currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the specified currency so purchased exceeds the amount originally due to the Lender in the specified currency the Lender agrees to remit such excess to the Guarantor.
18. The Guarantor shall from time to time forthwith upon demand pay to the Lender all reasonable legal fees and other expenses incurred by the Lender in the preservation or enforcement of any of its rights hereunder.
19. After demand for payment by the Lender under this Guaranty which payment has not been made, the Lender may from time to time set-off the obligations of the Guarantor to the Lender under this Guaranty against any and all deposits at any time held by the Lender for the account of the Guarantor and any other indebtedness at any time owing by the Lender to the Guarantor.
20. This Guaranty constitutes the entire agreement between the Guarantor and the Lender relating to the subject-matter hereof, and no amendment shall be effective unless made in writing. Possession of a signed copy of this Guaranty shall constitute conclusive evidence that: (i) this Guaranty was signed and delivered by the Guarantor to the Lender free of all conditions; (ii) there is no agreement or understanding between the Lender and the Guarantor that this Guaranty was delivered in escrow or is not intended to be effective

until the occurrence of any event or the satisfaction of any condition; (iii) the Lender has made no representations, statements or promises to the Guarantor regarding the Debtor, the collateral held by the Lender, the circumstances under which the Lender may enforce this Guaranty, the manner in which the Lender might enforce this Guaranty or any other matter which might conflict with the provisions expressly set out herein; and (iv) there are no representations, statements, promises, understandings, warranties, conditions or collateral agreements between the Lender and the Guarantor relating to the subject-matter of this Guaranty, other than as set out herein.

21. THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING, BUT NOT LIMITED TO, SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.
22. The obligation of the Guarantor hereunder shall be absolute and unconditional under all circumstances and irrespective of the validity or the enforceability of the Guaranteed Obligations and irrespective of any present or future law of any government or of any agency thereof purporting to reduce, amend or otherwise affect any of the Guaranteed Obligations. To the extent that the Guarantor or any of its properties or revenues has or hereafter may acquire any right of immunity from suit, judgment or execution, the Guarantor hereby irrevocably waives such right of immunity in respect of its Guaranteed Obligations hereunder and in respect of any action or proceeding, wherever brought, to enforce any judgment against the Guarantor for breach of any of such Guaranteed Obligations.
23. The Guarantor hereby submits to the non-exclusive jurisdiction of any court of record of the State of New York or any U.S. federal court located in the State of New York for purposes of all legal proceedings arising out of or relating to this Guaranty, the Loan Agreement, the other Loan Documents or the transactions contemplated hereby or thereby, and consents to the service of process by registered or certified mail to the Guarantor or the process agent set out on the last page hereof, which the Guarantor hereby irrevocably appoints as its agent to receive, for it and on its behalf, service of process in any action or proceeding in New York. Such service shall be deemed completed 3 business days after such mailing by certified or registered mail to the Guarantor or such process agent (whether or not a copy is forwarded to and received by the Guarantor) provided that notice of such service of process on such process agent is given by mail by the Lender to the Guarantor. If, for any reason, such process agent ceases to be able to act as process agent, the Guarantor irrevocably agrees to appoint a substitute process agent acceptable to the Lender and to deliver to the Lender a copy of the new agent's acceptance of that appointment within thirty days. Nothing contained herein shall affect the right of the Lender to serve legal process in any other manner or to bring any proceeding hereunder in any jurisdiction where the Guarantor may be amenable to suit. The Guarantor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in

such a court has been brought in an inconvenient forum. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of the Guarantor to the Lender therein described) against the Guarantor in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment. THE GUARANTOR AND THE LENDER HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE GUARANTY, ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

24. If there is any conflict or inconsistency between this Guaranty and Credit Agreement, the provisions of the Credit Agreement shall govern and prevail, but only to the extent of such conflict or inconsistency.
25. The payment of the Guaranteed Obligations shall not be guaranteed by the Guarantor to the extent of any amount in excess of the maximum amount that can be so guaranteed without rendering this Guaranty unenforceable under applicable law as a fraudulent conveyance or transfer.
26. This Guaranty and the Guarantor's liability under this Guaranty are in addition to and not in substitution for (a) any other collateral security, by whomsoever given, at any time held by the Lender and (b) any present or future obligation of the Guarantor or any other obligor to the Lender incurred otherwise than under this Guaranty, whether the Guarantor or such other obligor is bound with or apart from the Debtor.
27. The Guarantor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and singular every such further act, deed, transfer, assignment, assurance, document and instrument as the Lender may reasonably require for the better accomplishing and effectuating of this Guaranty and the provisions contained herein, and every officer of the Lender is irrevocably appointed attorneys or attorney to execute in the name and on behalf of the Guarantor any document or instrument for the said purpose; provided that the Lender may exercise this power of attorney only if the Guarantor has failed to execute any such document after having been requested to do so in writing by the Lender.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: 

Name: Michael Needham

Title: President and CEO

210 King St East, Suite 600
Toronto, ON M5A 1J7
Canada

T: 416-597-1585 x208

F: 416-597-0350

E: milangh@simex.ca

Name, Address, Fax and Email Address of Process Agent:

Daniel W. Stacy, Jr.
90 Wall Street, Unit B
Pawleys Isl, South Carolina
295855051

GUARANTY

This Guaranty, dated with effect as of the 29 day of June, 2018, is made by Simex-Iwerks Myrtle Beach, LLC (the “**Guarantor**”).

WHEREAS the Guarantor and SimEx Inc. (the “**Debtor**”) have entered into an amended and restated credit agreement with Royal Bank of Canada (the “**Lender**”) dated December 1, 2014, as the same was further amended and restated by a credit agreement dated September 2, 2016, as same has been or will be further amended and restated by a credit agreement dated April 20, 2018, (as it may be amended, supplemented or replaced from time to time is herein called, the “**Credit Agreement**”);

AND WHEREAS the Guarantor is a wholly-owned subsidiary of the Debtor and the Guarantor and the Debtor are operated as part of one combined business group and are dependent upon each other for and in connection with their respective business activities and financial resources;

AND WHEREAS it is a condition to the extension of credit by the Lender to the Debtor that all subsidiaries of the Debtor provide certain guaranties in respect of the Debtor’s present and future, direct and indirect obligations to the Lender and, accordingly, the Guarantor has provided this Guaranty;

AND WHEREAS the Guarantor is dependent on the Debtor for certain of its working capital needs and will obtain working capital and substantial direct and indirect economic, financial and other benefits as a result of the extensions of credit to the Debtor under the Credit Agreement and, accordingly, the Guarantor desires to enter into this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Lender and hereby covenants and agrees with the Lender as follows:

1. The Guarantor hereby unconditionally and irrevocably guarantees to the Lender, the due and punctual payment of all present and future, direct or indirect, contingent or absolute, indebtedness, liabilities and obligations of the Debtor to the Lender (the “**Guaranteed Obligations**”), including, but not limited to, the due and punctual payment of principal of and interest owing by the Debtor to the Lender under the Credit Agreement and any and all promissory notes which may be issued by the Debtor in respect of its said indebtedness as and when the same shall become due and payable, whether at stated maturity, by acceleration or otherwise. In case of failure by the Debtor punctually to pay any of the Guaranteed Obligations, the Guarantor hereby unconditionally agrees to make such payment forthwith upon demand by the Lender.
2. This Guaranty shall be a continuing guaranty and shall secure the Guaranteed Obligations and any ultimate balance thereof, notwithstanding that the Debtor may from time to time

satisfy the Guaranteed Obligations in whole or in part and thereafter incur further Guaranteed Obligations.

3. All monies, advances, renewals or credits in fact borrowed or obtained from the Lender by the Debtor shall be deemed to form part of the Guaranteed Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Debtor or its directors, officers, employees or agents, or that the Debtor may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Debtor is in excess of the powers of the Debtor or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Lender has no obligation to enquire into the powers of the Debtor or any of its directors, officers, employees or agents acting or purporting to act on its behalf, and shall be entitled to rely on this provision notwithstanding any actual or imputed knowledge regarding any of the foregoing matters.
4. The obligations of the Guarantor under this Guaranty shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:
 - (a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Debtor under any other document instrument or agreement ancillary to the Credit Agreement (each a “**Loan Document**”), or of any other guarantor of any of the Guaranteed Obligations, by operation of law or otherwise;
 - (b) any modification or amendment of or supplement to the Credit Agreement or any other Loan Document, or the waiver of any term or condition contained therein;
 - (c) any lack of validity or enforceability in whole or in part of the Guaranteed Obligations, any Loan Document or any other agreement between the Lender and the Debtor relating to the advance of monies or granting of credit to the Debtor;
 - (d) any change in the name, purposes, capital stock, organizational documents or by-laws, ownership or control of the Debtor;
 - (e) any change in the corporate existence, structure or ownership of (including any of the foregoing arising from any merger, consolidation, amalgamation or similar transaction), or any insolvency, bankruptcy, reorganization or other similar proceeding affecting, the Debtor, any other guarantor of any of the Guaranteed Obligations, or any of their respective assets, or any resulting release or discharge of any obligation of the Debtor or of any other such guarantor contained in any Loan Document (it being understood and agreed that the term “**Debtor**” as used in this Guaranty shall mean and include any corporation, partnership, association or any other entity or organization resulting from a merger, consolidation, amalgamation or similar transaction involving the Debtor);

- (f) the existence of any claim, set-off or other rights which the Debtor or the Guarantor may have at any time against the Lender or any other person, whether arising in connection with the Loan Documents or this Guaranty or otherwise;
- (g) the loss of or failure to obtain, register, perfect or maintain any security interest held by the Lender, whether occasioned through the Lender's failure or neglect or otherwise;
- (h) the valuation by the Lender of any of its collateral, which shall not be considered as a purchase of such collateral, or as payment on account of the Guaranteed Obligations;
- (i) any failure to assert, or any assertion of, any claim or demand or any exercise of, or failure to exercise, any rights or remedies against the Debtor or any other guarantor of any of the Guaranteed Obligations or any of their respective properties;
- (j) any application of any sums by whomsoever paid or howsoever realized to any obligation of the Debtor regardless of what Guaranteed Obligations of the Debtor remain unpaid;
- (k) any provision of applicable law or regulation purporting to prohibit the payment by the Debtor or any other guarantor of any of the Guaranteed Obligations; or
- (l) any other act or omission of any kind by the Lender or any other circumstance whatsoever that might constitute a legal or equitable discharge of the Guaranteed Obligations of the Guarantor hereunder.

In order to hold the Guarantor liable hereunder, there shall be no obligation on the part of the Lender, at any time, to resort for payment to the Debtor or any other guarantor of any of the Guaranteed Obligations, or resort to any collateral, security, property, liens or other rights or remedies whatsoever, and the Lender shall have the right to enforce this Guaranty irrespective of whether or not other proceedings or steps seeking resort or realization upon or from any of the foregoing are pending.

5. Without realizing, discharging, limiting or otherwise affecting in whole or in part the obligations of the Guarantor under this Guaranty, and without notice to or the consent of the Guarantor, the Lender may from time to time:
- (a) amend the terms and conditions applicable to the Guaranteed Obligations, waive compliance with any such terms or conditions in whole or in part, or amend or terminate any agreement applicable to the Guaranteed Obligations;
 - (b) make advances to the Debtor and receive repayments in respect of the Guaranteed Obligations, and increase or decrease the amount of credit available to the Debtor;
 - (c) grant time, renewals, extensions, indulgences, releases and discharges to the Debtor;

- (d) take or refrain from taking guaranties from other parties or collateral from the Debtor, any guarantor of the Debtor or any other party, or from filing or registering any financing statement or other instrument or perfecting any security interest;
- (e) release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any and all collateral given by the Debtor, any guarantor of the Debtor or any other party, with or without consideration;
- (f) accept compromises or arrangements from the Debtor, any guarantor of the Debtor or any other party;
- (g) exercise any right or remedy which it may have against the Debtor, any guarantor of the Debtor or any other party or with respect to any collateral;
- (h) apply all monies at any time received from the Debtor, any guarantor of the Debtor or other party or from the proceeds of any collateral upon such part of the Guaranteed Obligations as the Lender may see fit, or change any such application in whole or in part from time to time as the Lender may see fit, notwithstanding any direction which may be given to the Lender regarding application of such monies by the Debtor, any guarantor of the Debtor or any other party; and
- (i) otherwise deal with, or waive or modify its right to deal with, the Debtor, any guarantor of the Debtor or any other party and all collateral held by the Lender granted pursuant to the Loan Documents, as the Lender may see fit in its absolute discretion.

Any amount which is not enforceable hereunder as a guaranty shall be recoverable from the Guarantor as principal debtor. Accordingly, the Guarantor shall not be discharged nor shall the liability of the Guarantor be affected by any act, thing, omission or means whatsoever which would have resulted in the discharge or release of the liability of the Guarantor under this Guaranty if the Guarantor had not been liable as principal debtor.

6. The Guarantor's obligations hereunder shall remain in full force and effect until the commitment by the Lender to extend credit to the Debtor under the Loan Documents is terminated and the Guaranteed Obligations shall have been indefeasibly paid and satisfied in full. If at any time any payment by the Debtor under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Debtor or of any other guarantor of any of the Guaranteed Obligations, or otherwise, the Guarantor's obligations hereunder with respect to such payment shall be reinstated at such time as though such payment had become due but had not been made at such time.
7. (a) The Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by the Lender or any other person against the Debtor or any other guarantor of any of the Guaranteed Obligations.

- (b) The Guarantor hereby agrees not to exercise or enforce any right of exoneration, contribution, reimbursement, recourse or subrogation available to the Guarantor against the Debtor or any other guarantor of any of the Guaranteed Obligations, or as to any collateral therefor, unless and until the commitment by the Lender to extend credit to the Debtor under the Loan Documents is terminated and the Guaranteed Obligations shall have been paid and satisfied in full. The Guarantor shall have no right to be subrogated to the Lender unless: (i) the Guarantor shall have paid to the Lender an amount equal to the then outstanding amount of the Guaranteed Obligations together with all interest, expenses and other amounts due hereunder; (ii) any other party regarded by the Lender as having a potential right of subrogation shall have waived such right and consented in writing to the subrogation; (iii) the Lender shall have received from the Debtor a release of all claims and demands which the Debtor may have against the Lender, including any obligation of the Lender to grant additional credit to the Debtor; and (iv) the Guarantor shall have executed and delivered to the Lender a release of any claims which the Guarantor may have against the Lender in respect of the Guaranteed Obligations or this Guaranty, together with an acknowledgment that the Guaranteed Obligations and any collateral assigned by the Lender to the Guarantor shall be assigned on an “as is, where is” basis and without recourse to the Lender. All documents listed above shall be in form and substance satisfactory to the Lender.

8. The Guarantor hereby represents and warrants to the Lender that:

- (a) the Guarantor is not insolvent and will not be rendered insolvent or left with unreasonably small capital as a result of giving this Guaranty;
- (b) the Guarantor and the Debtor operate as a single consolidated business group (along with other entities) for purposes of GAAP and are dependent upon each other for and in connection with their respective business activities and financial resources. The extension of credit to the Debtor by the Lender constitutes an economic benefit to the Guarantor and is in the best interests of the Guarantor. The board of directors or other management board of the Guarantor has deemed it advisable and in the best interest of the Guarantor that this Guaranty be entered into.
- (c) subject to section 25, the fair value of the business and assets of the Guarantor after taking into account the likelihood of any payment being required in respect of any contingent liability (including, without limitation, the Guaranteed Obligations), is in excess of the amount that will be required to pay its liabilities (including, without limitation, contingent, subordinated, unmatured and unliquidated liabilities on existing debts, as such liabilities may become absolute and matured), in each case both before and after giving effect to this Guaranty. Subject to section 25, after giving effect to this Guaranty, the Guarantor will not be insolvent and will not be engaged in any business or transaction or about to be engaged in any business or transaction, for which it has unreasonably small capital, and the Guarantor does not have any intent to hinder, delay or defraud any

entity to which it is, or will become, indebted or to incur debts that would be beyond its ability to pay as they mature.

9. The Guarantor hereby covenants and agrees that if any judicial proceeding is brought by the Lender against the Guarantor to enforce any right or remedy under this Guaranty, no immunity from such proceedings will be claimed by or on behalf of the Guarantor or with respect to its properties.
10. If acceleration of the time for payment of any amount payable by the Debtor under the Loan Agreement or any other Loan Document is stayed upon the insolvency, bankruptcy or reorganization of the Debtor, all such amounts otherwise subject to acceleration under the terms of the Loan Agreement or the other Loan Documents shall nonetheless be payable by the Guarantor hereunder, forthwith on demand by the Lender.
11. Any payment of a Guaranteed Obligation required to be made pursuant to this Guaranty shall be made in the currency which such Guaranteed Obligation is required to be made in pursuant to the Credit Agreement or such other Loan Document giving rise to such Guaranteed Obligation.
12. This Guaranty shall be binding upon the Guarantor and its successors and assigns and shall enure to the benefit of the Lender and its successors and assigns. The Lender may, to the extent permitted by the Credit Agreement, sell, transfer or assign its rights in the Guaranteed Obligations held by it, or any part thereof, and in that event, each and every immediate and successive assignee or transferee of all or any part of the Guaranteed Obligations shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder as fully as if such assignee or transferee or holder were herein by name specifically given such rights, powers and benefits; but the Lender shall have an unimpaired right to enforce this Guaranty for its own benefit or for the benefit of any participant as to so much of the Guaranteed Obligations that it has not sold, assigned or transferred.
13. The Guarantor acknowledges that executed (or conformed) copies of the Credit Agreement and the other Loan Documents have been made available to its principal executive officers and such officers are familiar with the contents thereof.
14. Any acknowledgment or new promise, whether by payment of principal or interest or otherwise and whether by the Debtor, or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Lender shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.
15. The records of the Lender as to the unpaid balance of the Guaranteed Obligations at any time and from time to time shall be prima facie evidence thereof without further or other proof for all purposes, including the enforcement of this Guaranty and any collateral therefor.

16. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient) imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so required, the Guarantor shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Lender free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Lender would have received had such withholding not been made.
17. Each reference in the Credit Agreement or any other Loan Document to currency of the United States of America or to an alternative currency (the “**relevant currency**”) is of the essence. To the fullest extent permitted by law, the obligation of the Guarantor in respect of any amount due in the relevant currency under the Credit Agreement shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the Lender entitled to receive such payment may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the business day immediately following the day on which the Lender receives such payment. If the amount of the relevant currency so purchased is less than the sum originally due to the Lender in the relevant currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such loss, and if the amount of the specified currency so purchased exceeds the amount originally due to the Lender in the specified currency the Lender agrees to remit such excess to the Guarantor.
18. The Guarantor shall from time to time forthwith upon demand pay to the Lender all reasonable legal fees and other expenses incurred by the Lender in the preservation or enforcement of any of its rights hereunder.
19. After demand for payment by the Lender under this Guaranty which payment has not been made, the Lender may from time to time set-off the obligations of the Guarantor to the Lender under this Guaranty against any and all deposits at any time held by the Lender for the account of the Guarantor and any other indebtedness at any time owing by the Lender to the Guarantor.
20. This Guaranty constitutes the entire agreement between the Guarantor and the Lender relating to the subject-matter hereof, and no amendment shall be effective unless made in writing. Possession of a signed copy of this Guaranty shall constitute conclusive evidence that: (i) this Guaranty was signed and delivered by the Guarantor to the Lender free of all conditions; (ii) there is no agreement or understanding between the Lender and the Guarantor that this Guaranty was delivered in escrow or is not intended to be effective until the occurrence of any event or the satisfaction of any condition; (iii) the Lender has made no representations, statements or promises to the Guarantor regarding the Debtor, the collateral held by the Lender, the circumstances under which the Lender may enforce

this Guaranty, the manner in which the Lender might enforce this Guaranty or any other matter which might conflict with the provisions expressly set out herein; and (iv) there are no representations, statements, promises, understandings, warranties, conditions or collateral agreements between the Lender and the Guarantor relating to the subject-matter of this Guaranty, other than as set out herein.

21. THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING, BUT NOT LIMITED TO, SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.
22. The obligation of the Guarantor hereunder shall be absolute and unconditional under all circumstances and irrespective of the validity or the enforceability of the Guaranteed Obligations and irrespective of any present or future law of any government or of any agency thereof purporting to reduce, amend or otherwise affect any of the Guaranteed Obligations. To the extent that the Guarantor or any of its properties or revenues has or hereafter may acquire any right of immunity from suit, judgment or execution, the Guarantor hereby irrevocably waives such right of immunity in respect of its Guaranteed Obligations hereunder and in respect of any action or proceeding, wherever brought, to enforce any judgment against the Guarantor for breach of any of such Guaranteed Obligations.
23. The Guarantor hereby submits to the non-exclusive jurisdiction of any court of record of the State of New York or any U.S. federal court located in the State of New York for purposes of all legal proceedings arising out of or relating to this Guaranty, the Loan Agreement, the other Loan Documents or the transactions contemplated hereby or thereby, and consents to the service of process by registered or certified mail to the Guarantor or the process agent set out on the last page hereof, which the Guarantor hereby irrevocably appoints as its agent to receive, for it and on its behalf, service of process in any action or proceeding in New York. Such service shall be deemed completed 3 business days after such mailing by certified or registered mail to the Guarantor or such process agent (whether or not a copy is forwarded to and received by the Guarantor) provided that notice of such service of process on such process agent is given by mail by the Lender to the Guarantor. If, for any reason, such process agent ceases to be able to act as process agent, the Guarantor irrevocably agrees to appoint a substitute process agent acceptable to the Lender and to deliver to the Lender a copy of the new agent's acceptance of that appointment within thirty days. Nothing contained herein shall affect the right of the Lender to serve legal process in any other manner or to bring any proceeding hereunder in any jurisdiction where the Guarantor may be amenable to suit. The Guarantor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of the Guarantor to the Lender therein described) against the Guarantor

in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment. THE GUARANTOR AND THE LENDER HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THE GUARANTY, ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

24. If there is any conflict or inconsistency between this Guaranty and Credit Agreement, the provisions of the Credit Agreement shall govern and prevail, but only to the extent of such conflict or inconsistency.
25. The payment of the Guaranteed Obligations shall not be guaranteed by the Guarantor to the extent of any amount in excess of the maximum amount that can be so guaranteed without rendering this Guaranty unenforceable under applicable law as a fraudulent conveyance or transfer.
26. This Guaranty and the Guarantor's liability under this Guaranty are in addition to and not in substitution for (a) any other collateral security, by whomsoever given, at any time held by the Lender and (b) any present or future obligation of the Guarantor or any other obligor to the Lender incurred otherwise than under this Guaranty, whether the Guarantor or such other obligor is bound with or apart from the Debtor.
27. The Guarantor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and singular every such further act, deed, transfer, assignment, assurance, document and instrument as the Lender may reasonably require for the better accomplishing and effectuating of this Guaranty and the provisions contained herein, and every officer of the Lender is irrevocably appointed attorneys or attorney to execute in the name and on behalf of the Guarantor any document or instrument for the said purpose; provided that the Lender may exercise this power of attorney only if the Guarantor has failed to execute any such document after having been requested to do so in writing by the Lender.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: M. Needham
Name: Michael Needham
Title: President and CEO

210 King St East, Suite 600
Toronto, ON M5A 1J7
Canada

T: 416-597-1585 x208
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Name, Address, Fax and Email Address of Process Agent:

Daniel W. Stacy, Jr.
90 Wall Street, Unit B
Pawleys Isl, South Carolina
295855051

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT dated with effect as of the 29th day of June, 2018 is executed and delivered by Simex-Iwerks Myrtle Beach, LLC, a corporation organized under the laws of South Carolina (the “**Debtor**”), with its principal place of business and chief executive office located at 1199 Celebrity Circle, Suite 2700, Myrtle Beach, South Carolina, 29577, in favor of Royal Bank of Canada (the “**Secured Party**”).

WHEREAS SimEx Inc. (the “**Borrower**”) has entered into an amended and restated credit agreement with the Secured Party dated December 1, 2014, as the same was further amended and restated by a credit agreement dated September 2, 2016, as same has been or will be further amended and restated by a credit agreement dated April 20, 2018, (as it may be amended, supplemented or replaced from time to time is herein called, the “**Credit Agreement**”);

AND WHEREAS the Debtor is a wholly-owned subsidiary of the Borrower;

AND WHEREAS it is a condition to the extension of credit by the Secured Party to the Borrower that all subsidiaries of the Borrower provide certain guaranties in respect of the Borrower’s obligations to the Secured Party and it is a further condition that all subsidiaries provide a first priority security interest, subject to Permitted Encumbrances, on all of their Collateral (as herein defined) to secure the payment and performance of their Obligations (as herein defined), and accordingly, the Debtor has provided this Agreement;

AND WHEREAS the Debtor is dependent on the Borrower for certain of its working capital needs and will obtain working capital and other benefits as a result of the extensions of credit to the Borrower under the Credit Agreement; and, accordingly, the Debtor desires to enter into this Agreement in order to satisfy the condition described in the preceding paragraph;

NOW THEREFORE, in consideration for the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees with the Secured Party as follows:

Section 1. Grant of Security. To secure the prompt and complete payment, observance and performance when due (whether at stated maturity, by acceleration or otherwise) of any and all of the obligations, indebtedness and liability of the Debtor to the Secured Party (including interest thereon), present or future, direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, extended or renewed and whether Debtor be bound alone or with others and whether as principal or surety (hereinafter collectively called the “**Obligations**”), the Debtor hereby collaterally assigns and pledges to the Secured Party, and grants to the Secured Party a security interest in, the Collateral; except that, with respect to any portion of the Collateral that would be rendered void or voidable under applicable law by such assignment, pledge and grant without the consent of a party other than the Debtor that has not been or is not obtained, such grant, assignment, pledge and hypothecation shall not be effective until such consent is obtained.

Section 2. Representations and Warranties. The Debtor represents and warrants to the Secured Party as follows:

- (a) Name. The correct corporate name of the Debtor and jurisdiction of incorporation is set forth in the first paragraph of this Agreement, and except as set forth on Schedule 2(A) attached hereto, the Debtor does not conduct and, since the date of its formation, has not conducted, business under any trade name or other fictitious name.
- (b) Liens. None of the Collateral is, as of the date hereof, subject to any Lien, except for the Liens described on Schedule 2(B) attached hereto and other Permitted Encumbrances.
- (c) Chief Executive Office. The chief executive office and principal place of business of the Debtor and the books and records relating to the Receivables and the other Collateral are, as of the date hereof, located at the address of the Debtor set forth in the first paragraph of this Agreement, and have been located there since the date of the Debtor's formation. Since such date, the Debtor has not changed its name, identity or corporate structure in any way.
- (d) Places of Business. The addresses (including the applicable counties) of all of the places of business of the Debtor are set forth on Schedule 2(D) attached hereto.

Section 3. Continued Priority of Security Interest.

- (a) The Security Interest shall at all times be valid, perfected and enforceable against the Debtor and all other Persons, in accordance with the terms of this Agreement, as security for the Obligations. For greater certainty, this Security Interest is a continuation, without interruption, of all Security Interests granted previously by the Debtor to the Secured Party pursuant to certain other security agreements, all of which are amended and restated pursuant to the terms herein.
- (b) The Debtor shall, at its cost and expense, take all action that is reasonably necessary so as at all times to maintain the validity, perfection and enforceability of the Security Interest in the Collateral in conformity with the provisions of Section 3(a), or to enable the Secured Party to exercise or enforce its rights hereunder, including without limitation:
 - (i) paying all taxes, assessments and other claims lawfully levied or assessed on any of the Collateral, except to the extent that such taxes, assessments and other claims constitute Permitted Encumbrances;
 - (ii) delivering to the Secured Party upon its written request, endorsed or accompanied by such instruments of assignment as the Secured Party may reasonably specify, any and all chattel paper, instruments, letters of credit and all other advices of guaranty and documents evidencing or forming a part of the Collateral;
 - (iii) executing and delivering instruments and other similar notices to be filed in the public records, in each case as requested by, and in form and substance reasonably satisfactory to, the Secured Party, relating to the creation, validity, perfection or continuation of the Security Interest under the Uniform Commercial Code or other Applicable Law (as defined in the Credit Agreement);

- (iv) giving control of any Deposit Account, Investment Property or Letter-of-Credit Right included in the Collateral to the Secured Party, whether by causing to be delivered to the Secured Party a control agreement, in form and substance satisfactory to the Secured Party signed by all appropriate parties, or otherwise;
 - (v) providing to the Secured Party an agreement, in form and substance reasonably satisfactory to the Secured Party, duly executed by any warehouseman or other bailee of any material portion of the Collateral, acknowledging that such warehouseman or bailee holds such portion of the Collateral for the benefit of the Secured Party and agreeing to act with respect to such portion of the Collateral in accordance with the instructions of the Secured Party, without any need for any authorization of the Debtor; and
 - (vi) providing to the Secured Party duly executed landlord and mortgagee waivers, in form and substance reasonably satisfactory to the Secured Party, with respect to any leased location where any material portion of the Collateral is located.
- (c) To the extent permitted by Applicable Law, a carbon, photographic, xerographic, photostatic, microphotographic, optical image reproduction or other reproduction of this Agreement or of any Financing Statements is sufficient as a financing statement.
- (d) The Debtor authorizes the Secured Party to file one or more Financing Statements relating to the Collateral using such phrases as “all assets” of the Debtor or “all personal property and fixtures” of the Debtor or similar terminology to describe the Collateral.

Section 4. Covenants Regarding Contracts.

- (a) Anything herein to the contrary notwithstanding, (i) the Debtor shall remain liable under all Assigned Contracts to the extent set forth therein to perform its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (ii) the exercise by the Secured Party of any of its rights hereunder shall not release the Debtor from any of its duties or obligations under any of the Assigned Contracts (except to the extent that such exercise prevents the Debtor from satisfying such duties and obligations); and (iii) the Secured Party shall not have any duties, obligations or liability under any of the Assigned Contracts or duties by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the duties or obligations of the Debtor thereunder, to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by the Debtor or the sufficiency of any performance by any party under any such contract or agreement, or to take any action to collect or enforce any claim for payment assigned hereunder.
- (b) The Debtor shall at its expense:
- (i) in accordance with the Debtor’s normal business practices, perform and observe the terms and provisions of the Assigned Contracts to be performed or observed by it, maintain the Assigned Contracts in full force and effect and enforce the Assigned Contracts in accordance with their terms; and
 - (ii) from time to time (A) furnish to the Secured Party such information and reports regarding the Assigned Contracts as the Secured Party may reasonably request and (B)

upon reasonable request of the Secured Party upon an Event of Default, make to each other party to the Assigned Contracts such demands and request for information and reports or for action as the Debtor is entitled to make under the Assigned Contracts.

(c) To the extent that any portion of the Collateral would be rendered void or voidable under applicable law by the grant to the Secured Party of a security interest therein or the assignment or pledge thereof to the Secured Party without the consent of a party other than the Debtor that has not been or is not obtained, hold such portion of the Collateral in trust for the Secured Party until such consent is obtained and take each action (including, but not limited to, obtaining such consent and assigning or selling or otherwise disposing of such portion of the Collateral) requested by the Secured Party to assure that such portion of the Collateral inures and is realized upon for the benefit of the Secured Party.

Section 5. Covenants Regarding Collateral Generally.

(a) Defense of Title. The Debtor shall at all times be the owner of each and every item of Collateral and shall defend its title in and to, and the Security Interest in, the Collateral against the claims and demands of all Persons.

(b) Maintenance of Collateral. The Debtor shall maintain all physical property that constitutes Collateral in reasonably good and workable condition, with reasonable allowance for wear and tear.

(c) Insurance. The Debtor shall at all times maintain insurance on the Collateral against loss or damage by fire, theft, burglary, pilferage, loss in transit and such other hazards and risks, with financially sound and reputable insurance companies, and in such amounts, in each case as the Secured Party may reasonably require. All premiums on such insurance shall be paid by the Debtor and evidence of insurance reasonably acceptable to the Secured Party shall be delivered to the Secured Party upon the Secured Party's request. The Debtor will not use or permit the Collateral to be used unlawfully or outside of any insurance coverage. All insurance policies required under this Section shall contain loss payable clauses in form reasonably satisfactory to the Secured Party.

(d) Location of Office/State of Corporation. The Debtor shall not enter into any transaction for the purpose of re-incorporating in another state of the United States, change the location of its chief executive office, principal place of business, and its books and records relating to the Collateral from address set forth in the first paragraph of this Agreement without giving the Secured Party at least 30 days' prior written notice thereof.

(e) Inspection. The Secured Party (by any of its officers, employees or agents) shall have the right, to the extent that the exercise of such right shall be within the control of the Debtor, during normal business hours and upon reasonable prior notice: (i) to inspect the Collateral, all files relating thereto and the premises upon which any of the Collateral is located, and (ii) to discuss the Debtor's affairs and finances, insofar as the same are reasonably related to the rights of the Secured Party hereunder with any Person, to verify the amount, quantity, value and condition of, or any other matter relating to, any of the Collateral, subject to the limitations contained in the immediately following subsection (i).

(f) Other Information/Future Commercial Tort Claims. The Debtor shall furnish to the Secured Party such other information with respect to the Collateral, including, but not limited to, physical listings of Inventory and Equipment, as the Secured Party may reasonably request from time to time. The Debtor shall furnish to the Secured Party a description of any Commercial Tort Claim that is hereafter held by the Debtor, and authorizes the Secured Party to modify Schedule 2(E) hereto to include a description thereof, and if requested by the Secured Party, shall join in an amendment to this Agreement for such purpose.

(g) Payments Directly to Secured Party. Upon an Event of Default which is continuing, the Secured Party may at any time and from time to time notify, or request the Debtor to notify, in writing or otherwise, any account debtor or other obligor with respect to any Receivable, Assigned Contract or other Collateral to make payment to the Secured Party or any agent or designee of the Secured Party directly, at such address as may be specified by the Secured Party. If, notwithstanding the giving of any notice, any such account debtor or other obligor shall make payment to the Debtor, the Debtor shall hold all such payments it receives in trust for the Secured Party, without commingling the same with other funds or property of or held by the Debtor, and shall deliver the same to the Secured Party or any such agent or designee promptly upon receipt by the Debtor in the identical form received, together with any necessary endorsements.

(h) Sale of Collateral. The Debtor shall not sell, lease, transfer or otherwise dispose of any Collateral except (i) the sale of Inventory in the ordinary course of its business or (ii) as may be otherwise agreed by the Secured Party. The inclusion of "proceeds" of the Collateral under the Security Interest shall not be deemed a consent by the Secured Party to any other sale or other disposition of any part or all of the Collateral.

(i) Liens. The Debtor shall not create, assume, incur or permit or suffer to exist or to be created, assumed or incurred, any Lien upon any of the Collateral whether now owned or hereafter acquired other than Permitted Encumbrances and except as may be otherwise agreed by the Secured Party.

(j) Accessions and Fixtures. The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to the Security Interest, or becoming affixed to any real property.

(k) Payment of Expenses. The Debtor shall pay all reasonable out-of-pocket expenses, including attorneys' and Receivers' fees and disbursements, actually incurred by the Secured Party or its agents (including any Receiver) in connection with the preparation, perfection, preservation, and enforcement of this agreement; including all expenses incurred by the Secured Party or such agents in dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the Security Interest; all of which expenses shall be payable forthwith upon demand and shall form part of the Obligations.

Section 6. The Secured Party Appointed Attorney-in-Fact. The Debtor hereby irrevocably appoints the Secured Party as the Debtor's attorney-in-fact, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, upon an Event of Default to take any action and (provided the Debtor has failed to execute such instrument or document or taken

any such action after having been requested to do so by the Secured Party) to execute any instrument or document which the Secured Party may reasonably deem necessary or advisable to accomplish the purposes of this Agreement and to exercise any rights and remedies the Secured Party may have under, or as a result of, this Agreement, including, without limitation: (i) to obtain and adjust insurance required to be maintained pursuant to Section 5(c) hereof; (ii) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral including any Receivable; (iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) or (ii) above; (iv) to sell or assign any Receivable upon such terms, for such amount and at such time or times as the Secured Party deems advisable, to settle, adjust, compromise, extend or renew any Receivable or to discharge and release any Receivable; and (v) to file any claims or take any action or institute any proceedings which the Secured Party may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral. The power-of-attorney granted hereby shall be irrevocable and coupled with an interest.

Section 7. The Secured Party May Perform. If the Debtor fails to perform any agreement contained herein, the Secured Party may, upon reasonable written notice to the Debtor, itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall constitute Obligations secured hereby.

Section 8. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

Section 9. Remedies. The Secured Party may take any or all of the following actions upon the occurrence and continuance of an Event of Default hereunder.

(a) Acceleration.

(i) Automatic. Upon the occurrence of an Event of Default specified in subsection (c) or (d) of the definition thereof, all of the Obligations shall become automatically due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything in this Agreement or any other agreement evidencing any Obligations to the contrary notwithstanding.

(ii) Optional. If any other Event of Default shall have occurred and be continuing, the Secured Party may declare all of the Obligations to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived, anything in this Agreement or any other agreement evidencing any Obligations to the contrary notwithstanding.

(b) Inventory and Equipment.

(i) Entry. The Secured Party may enter upon any premises on which Inventory or Equipment may be located and, without resistance or interference by the Debtor, take

physical possession of any or all thereof and maintain such possession on such premises or move the same or any part thereof to such other place or places as the Secured Party shall reasonably choose.

(ii) Warehousing. The Secured Party may cause any of the Inventory and Equipment to be placed in a public or field warehouse.

(c) Rights as a Secured Creditor. The Secured Party may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code and under any other Applicable Law, including, without limitation, the right to sell the Collateral or any part thereof in one or more parcels at public or private sale at any location chosen by the Secured Party, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as may be commercially reasonable. The Debtor agrees that at least 10 days' notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(d) Appointment of Receiver. The Secured Party may appoint by instrument in writing a receiver, monitor, consultant, liquidator, trustee or a receiver and manager (each of which is herein called a "**Receiver**") in respect of the Debtor and/or the Collateral or any portion thereof. Any Receiver appointed by the Secured Party may be any Person or Persons, and the Secured Party may remove any Receiver so appointed and appoint another or others inserted. The Receiver may exercise all powers of the Secured Party as provided in this Agreement. The Receiver shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, and (except as provided below) as agent for the Debtor for all other purposes, including without limitation the occupation of any premises of the Debtor and in carrying on the Debtor's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Secured Party as it may determine in its discretion. The Debtor agrees to ratify and confirm all actions of the Receiver acting as agent for the Secured Party, and to release and indemnify the Receiver in respect of all such actions.

(e) Receivables/Assigned Contracts. The Secured Party shall have the right to assert, either directly or on behalf of the Debtor, any and all rights and claims the Debtor may have under any Receivables and/or any of the Assigned Contracts as the Secured Party may reasonably deem proper and to receive and collect any and all Receivables and Assigned Contracts and any and all rent, fees, damages, awards and other monies arising thereunder or resulting therefrom and to apply the same on account of any of the Obligations.

(f) Exercise of Voting Rights with Respect to Securities. The Secured Party may exercise all voting rights attached to the Securities (whether or not registered in the name of the Secured Party or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the absolute owner thereof; and

exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Securities as if it were the absolute owner thereof.

(g) **Right to Carry on Debtor's Business.** The Secured Party may carry on the business of the Debtor or any portion thereof.

(h) **Borrow Money.** The Secured Party may borrow money for the maintenance, preservation or protection of the Collateral or the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed.

Section 10. Application of Proceeds. All proceeds from each sale of, or other realization upon, all or any part of the Collateral upon an Event of Default shall be applied or paid over as follows:

(a) **First:** to the payment of all reasonable costs and out-of-pocket expenses incurred by the Secured Party in connection with the enforcement of the Security Interest or such sale or other realization, including reasonable attorneys' fees actually incurred in connection with the foregoing;

(b) **Second:** to the payment of the interest and/or principal due upon any of the Obligations, in any order which the Secured Party may elect; and

(c) **Third:** the balance (if any) of such proceeds shall be paid to the Debtor or to whomsoever may be legally entitled thereto.

The Debtor shall remain liable and shall pay, on demand, any deficiency remaining in respect of the Obligations.

Section 11. Rights Cumulative. The rights and remedies of the Secured Party under this Agreement, the Credit Agreement, the Loan Documents and each other document or instrument evidencing or securing the Obligations shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. In exercising its rights and remedies the Secured Party may be selective and no failure or delay by the Secured Party in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

Section 12. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 13. Notices. Unless otherwise provided herein, all notices and other communications provided for hereunder shall be in writing c/o the Borrower and shall be given in accordance with the provisions of the Credit Agreement.

Section 14. Continuing Security Interest. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Obligations, (ii) be binding upon the Debtor, its successors and assigns and (iii) inure the benefit

of the Secured Party, and its successors and assigns. The Debtor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession thereof or therefore.

Section 15. Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING, BUT NOT LIMITED TO SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Section 16. Litigation/Waivers.

(a) THE SECURED PARTY AND THE DEBTOR BOTH ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE RELATIONSHIP OF THE DEBTOR AND THE SECURED PARTY ESTABLISHED HEREBY AND THE DOCUMENTS AND INSTRUMENTS EVIDENCING THE OBLIGATIONS WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES. ACCORDINGLY, EACH OF THE SECURED PARTY AND THE DEBTOR HEREBY WAIVES ITS RESPECTIVE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST THE DEBTOR OR THE SECURED PARTY ARISING OUT OF THIS AGREEMENT, THE OBLIGATIONS OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR IN CONNECTION WITH THE COLLATERAL OR THE SECURITY INTEREST THEREIN OR BY REASON OF ANY OTHER CAUSE OR DISPUTE WHATSOEVER BETWEEN THE DEBTOR AND SECURED PARTY OF ANY KIND OR NATURE.

(b) THE DEBTOR AND SECURED PARTY EACH HEREBY AGREE THAT ANY COURT OF RECORD OF THE STATE OF NEW YORK OR ANY U.S. FEDERAL COURT LOCATED IN THE STATE OF NEW YORK, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE DEBTOR AND THE SECURED PARTY, PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE OBLIGATIONS OR TO ANY MATTER ARISING THEREFROM, THE COLLATERAL OR THE SECURITY INTEREST THEREIN OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED IN CONNECTION HEREWITH OR THEREWITH. THE DEBTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE CHOICE OF FORUM SET FORTH IN THIS PARAGRAPH SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY THE SECURED PARTY OR THE ENFORCEMENT BY THE SECURED PARTY OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

(c) THE FOREGOING WAIVERS HAVE BEEN MADE WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF.

Section 17. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

Section 18. Counterparts. This Agreement may be executed in several counterparts and by facsimile transmission, each of which shall be an original and all of which, taken together, shall constitute but one and the same instrument.

Section 19. Entire Agreement. This Agreement, including any schedules attached hereto and the other Loan Documents, constitutes the entire agreement between the Debtor and the Secured Party relating to the Security Interest and enforcement thereof. There are no representations, warranties or collateral agreements in effect between the Debtor and the Secured Party relating to the subject matter hereof; and possession of an executed copy of this Agreement by the Secured Party constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.

Section 20. Paramourncy. If there is any conflict or inconsistency between this Agreement and Credit Agreement, the provisions of the Credit Agreement shall govern and prevail, but only to the extent of such conflict or inconsistency.

Section 21. Definitions.

(a) For the purposes of this Agreement:

“**Agreement**” means this General Security Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“**Assigned Contract**” means any contract or agreement to which the Debtor is a party or which runs in favor of the Debtor and which constitutes part of the Collateral.

“**Business Day**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Collateral**” means all of the Debtor’s right, title and interest in and to each of the following, wherever located and whether now or hereafter existing, or now owned or hereafter acquired or arising:

- (i) all Receivables;
- (ii) all Inventory;
- (iii) all Equipment;

- (iv) all rights of the Debtor as an unpaid vendor or lienor (including, without limitation, stoppage in transit, replevin and reclamation) with respect to any Inventory or other properties of the Debtor;
- (v) all general intangibles of the Debtor including, but not limited to, all contract rights of the Debtor and all trademarks, trade names, patents, copyrights and any and all other intellectual property of the Debtor;
- (vi) all documents of title, policies and certificates of insurance, chattel paper and instruments of the Debtor;
- (vii) all books, records, files and correspondence in any way related to any of the foregoing or otherwise pertaining to the business operations of the Debtor howsoever and wheresoever stored and located;
- (viii) any and all balances, credits, deposits, accounts, bank accounts, items and monies of the Debtor now or hereafter on deposit with any financial institution and all property of the Debtor of every kind and description now or hereafter in the possession or control of the Secured Party for any reason; and
- (ix) any and all products and proceeds of any of the foregoing (including, but not limited to, any claims to any items referred to in this definition, and any claims of the Debtor against third parties for loss of, damage to or destruction of, any or all of the Collateral or for proceeds payable under, or unearned premiums with respect to, policies of insurance) in whatever form, including, but not limited to, cash, instruments, general intangibles, accounts receivable, goods, documents and chattel paper.

The “**Collateral**” includes in any event (and without limitation of the foregoing definition of the Collateral) any and all of Debtor’s present and future right, title and interest in and to all (i) Accounts, Chattel Paper, Commercial Tort Claims now or hereafter identified in a Schedule to this Security Agreement, Deposit Accounts, Documents, General Intangibles, Goods (including, but not limited to, Equipment, Farm Products, Fixtures and Inventory), Instruments, Investment Property, Letter-of-Credit Rights, money and other personal property regardless of kind or nature, and (ii) Supporting Obligations, Proceeds and Products, arising out of or otherwise relating to any of the things referred to in this sentence (with each capitalized term in this sentence (other than “**Debtor**”) having the meaning attributed to it in the Uniform Commercial Code.

“**Debtor**” has the meaning set forth in the first paragraph hereof.

“**Equipment**” means all equipment, machinery, apparatus, fittings, fixtures and other tangible personal property (other than Inventory) of every kind and description used in the Debtor’s business operations or owned by the Debtor or in which the Debtor has an interest, and all parts, accessories and special tools and all increases and accessions thereto and substitutions and replacements therefor.

“**Event of Default**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Financing Statements**” means any and all financing statements in connection with the perfection of the Security Interest, together with any amendments thereto and any continuations thereof.

“**Governmental Approvals**” means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all governmental bodies.

“**Inventory**” means (a) all inventory of the Debtor and all goods intended for sale or lease by the Debtor, or for display or demonstration; (b) all work-in-process; (c) all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, packing, shipping, advertising, selling, leasing, renting or furnishing of such goods or otherwise used or consumed in the Debtor’s business; and (d) all documents relating to any of the foregoing.

“**Lien**” means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.

“**Loan Documents**” shall mean any and all other documents, instruments and agreements which are ancillary to the Credit Agreement.

“**Permitted Encumbrances**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Person**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Receivables**” means all accounts and any and all rights to the payment of money or other forms of consideration of any kind (whether classified under the Uniform Commercial Code as accounts, chattel paper, general intangibles, or otherwise) for goods sold or leased or for services rendered including, but not limited to, accounts receivable, proceeds of any letters of credit naming the Debtor as beneficiary, chattel paper, tax refunds, insurance proceeds, contract rights, notes, drafts, instruments, documents, acceptances, and all other debts, obligations and liabilities in whatever form from any Person.

“**Receiver**” has the meaning set forth in Section 9(d) hereof.

“**Secured Party**” has the meaning set forth in the first paragraph hereof.

“**Securities**” means all present and future securities held by the Debtor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertificated security and all substitutions therefor and dividends and income derived therefrom.

“**Security Interest**” means the Lien of the Secured Party upon, and the collateral assignments to the Secured Party of, the Collateral effected hereby or pursuant to the terms hereof.

“**Undertaking**” means all present and future real and personal property, business, and undertaking of the Debtor not being Inventory, Equipment, accounts, intangibles, documents of title, chattel paper, instruments, money, Securities, or documents.

“**Uniform Commercial Code**” shall mean the Uniform Commercial Code as in effect in the State of New York, as the same may be amended from time to time.

(b) Unless otherwise set forth herein to the contrary, all terms not otherwise defined herein and which are defined in the Uniform Commercial Code are used herein with the meanings ascribed to them in the Uniform Commercial Code.

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IN WITNESS WHEREOF, the Debtor has caused this Agreement to be duly executed and delivered by its duly authorized officers under seal as of the date first above written.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: Michael Needham
Name: Michael Needham
Title: President and CEO c/s

By: _____
Name: _____
Title: _____

SCHEDULE 2(A)
TRADE NAMES AND FICTITIOUS NAMES

None

**SCHEDULE 2(B)
EXISTING LIENS**

None

SCHEDULE 2(D)
PLACES OF BUSINESS AND LOCATIONS OF INVENTORY

1199 Celebrity Circle, Suite 2700 Myrtle Beach SC 29577 USA

1199 Celebrity Circle (Kiosk) Myrtle Beach SC 29577 USA

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated with effect as of the 29th day of June, 2018 is executed and delivered by Simex-Iwerks Myrtle Beach, LLC, a corporation organized under the laws of South Carolina (the “**Debtor**”), with its principal place of business and chief executive office located at 1199 Celebrity Circle, Suite 2700, Myrtle Beach, South Carolina, 29577, in favor of Royal Bank of Canada (the “**Secured Party**”).

WHEREAS SimEx Inc. (the “**Borrower**”) has entered into an amended and restated credit agreement with the Secured Party dated December 1, 2014, as the same was further amended and restated by a credit agreement dated September 2, 2016, as same has been or will be further amended and restated by a credit agreement dated April 20, 2018, (as it may be amended, supplemented or replaced from time to time is herein called, the “**Credit Agreement**”);

AND WHEREAS the facilities under the Credit Agreement shall be used to finance Eligible Pre-Shipment Costs (as defined in the Credit Agreement) pursuant to Export Development Canada’s pre-shipment finance program;

AND WHEREAS the Borrower has entered into a further credit agreement with the Lender dated April 29, 2009 (as it may be amended, supplemented or replaced from time to time as herein called, the “**General Facilities Credit Agreement**”);

AND WHEREAS the Debtor is a wholly-owned subsidiary of the Borrower;

AND WHEREAS it is a condition to the extension of credit by the Secured Party to the Borrower that all subsidiaries of the Borrower provide certain guaranties in respect of the Borrower’s obligations to the Secured Party and it is a further condition that all subsidiaries provide a first priority security interest, subject to Permitted Encumbrances, on all of their Collateral (as herein defined) to secure the payment and performance of their Obligations (as herein defined), and accordingly, the Debtor has provided this Agreement;

AND WHEREAS the Debtor is dependent on the Borrower for certain of its working capital needs and will obtain working capital and other benefits as a result of the extensions of credit to the Borrower under the Credit Agreement and the General Facilities Credit Agreement, as applicable; and, accordingly, the Debtor desires to enter into this Agreement in order to satisfy the condition described in the preceding paragraph;

NOW THEREFORE, in consideration for the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees with the Secured Party as follows:

Section 1. Grant of Security. To secure the prompt and complete payment, observance and performance when due (whether at stated maturity, by acceleration or otherwise) of any and all of the obligations, indebtedness and liability of the Debtor to the Secured Party (including interest thereon), present or future, direct or indirect, absolute or contingent, contractual or tortious, liquidated or unliquidated, extended or renewed and whether Debtor be bound alone or

with others and whether as principal or surety (hereinafter collectively called the “**Obligations**”), the Debtor hereby collaterally assigns and pledges to the Secured Party, and grants to the Secured Party a security interest in, the Collateral; except that, with respect to any portion of the Collateral that would be rendered void or voidable under applicable law by such assignment, pledge and grant without the consent of a party other than the Debtor that has not been or is not obtained, such grant, assignment, pledge and hypothecation shall not be effective until such consent is obtained.

Section 2. Representations and Warranties. The Debtor represents and warrants to the Secured Party as follows:

- (a) Name. The correct corporate name of the Debtor and jurisdiction of incorporation is set forth in the first paragraph of this Agreement, and except as set forth on Schedule 2(A) attached hereto, the Debtor does not conduct and, since the date of its formation, has not conducted, business under any trade name or other fictitious name.
- (b) Liens. None of the Collateral is, as of the date hereof, subject to any Lien, except for the Liens described on Schedule 2(B) attached hereto and other Permitted Encumbrances.
- (c) Chief Executive Office. The chief executive office and principal place of business of the Debtor and the books and records relating to the Receivables and the other Collateral are, as of the date hereof, located at the address of the Debtor set forth in the first paragraph of this Agreement, and have been located there since the date of the Debtor’s formation. Since such date, the Debtor has not changed its name, identity or corporate structure in any way.
- (d) Places of Business. The addresses (including the applicable counties) of all of the places of business of the Debtor are set forth on Schedule 2(D) attached hereto.

Section 3. Continued Priority of Security Interest.

- (a) The Security Interest shall at all times be valid, perfected and enforceable against the Debtor and all other Persons, in accordance with the terms of this Agreement, as security for the Obligations.
- (b) The Debtor shall, at its cost and expense, take all action that is reasonably necessary so as at all times to maintain the validity, perfection and enforceability of the Security Interest in the Collateral in conformity with the provisions of Section 3(a), or to enable the Secured Party to exercise or enforce its rights hereunder, including without limitation:
 - (i) paying all taxes, assessments and other claims lawfully levied or assessed on any of the Collateral, except to the extent that such taxes, assessments and other claims constitute Permitted Encumbrances;
 - (ii) delivering to the Secured Party upon its written request, endorsed or accompanied by such instruments of assignment as the Secured Party may reasonably specify, any and all chattel paper, instruments, letters of credit and all other advices of guaranty and documents evidencing or forming a part of the Collateral;

- (iii) executing and delivering instruments and other similar notices to be filed in the public records, in each case as requested by, and in form and substance reasonably satisfactory to, the Secured Party, relating to the creation, validity, perfection or continuation of the Security Interest under the Uniform Commercial Code or other Applicable Law (as defined in the Credit Agreement);
 - (iv) giving control of any Deposit Account, Investment Property or Letter-of-Credit Right included in the Collateral to the Secured Party, whether by causing to be delivered to the Secured Party a control agreement, in form and substance satisfactory to the Secured Party signed by all appropriate parties, or otherwise;
 - (v) providing to the Secured Party an agreement, in form and substance reasonably satisfactory to the Secured Party, duly executed by any warehouseman or other bailee of any material portion of the Collateral, acknowledging that such warehouseman or bailee holds such portion of the Collateral for the benefit of the Secured Party and agreeing to act with respect to such portion of the Collateral in accordance with the instructions of the Secured Party, without any need for any authorization of the Debtor; and
 - (vi) providing to the Secured Party duly executed landlord and mortgagee waivers, in form and substance reasonably satisfactory to the Secured Party, with respect to any leased location where any material portion of the Collateral is located.
- (c) To the extent permitted by Applicable Law, a carbon, photographic, xerographic, photostatic, microphotographic, optical image reproduction or other reproduction of this Agreement or of any Financing Statements is sufficient as a financing statement.
- (d) The Debtor authorizes the Secured Party to file one or more Financing Statements relating to the Collateral.

Section 4. Covenants Regarding Contracts.

- (a) Anything herein to the contrary notwithstanding, (i) the Debtor shall remain liable under all Assigned Contracts to the extent set forth therein to perform its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (ii) the exercise by the Secured Party of any of its rights hereunder shall not release the Debtor from any of its duties or obligations under any of the Assigned Contracts (except to the extent that such exercise prevents the Debtor from satisfying such duties and obligations); and (iii) the Secured Party shall not have any duties, obligations or liability under any of the Assigned Contracts or duties by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the duties or obligations of the Debtor thereunder, to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by the Debtor or the sufficiency of any performance by any party under any such contract or agreement, or to take any action to collect or enforce any claim for payment assigned hereunder.
- (b) The Debtor shall at its expense:
- (i) in accordance with the Debtor's normal business practices, perform and observe the terms and provisions of the Assigned Contracts to be performed or observed by it,

maintain the Assigned Contracts in full force and effect and enforce the Assigned Contracts in accordance with their terms; and

(ii) from time to time (A) furnish to the Secured Party such information and reports regarding the Assigned Contracts as the Secured Party may reasonably request and (B) upon reasonable request of the Secured Party upon an Event of Default, make to each other party to the Assigned Contracts such demands and request for information and reports or for action as the Debtor is entitled to make under the Assigned Contracts.

(c) To the extent that any portion of the Collateral would be rendered void or voidable under applicable law by the grant to the Secured Party of a security interest therein or the assignment or pledge thereof to the Secured Party without the consent of a party other than the Debtor that has not been or is not obtained, hold such portion of the Collateral in trust for the Secured Party until such consent is obtained and take each action (including, but not limited to, obtaining such consent and assigning or selling or otherwise disposing of such portion of the Collateral) requested by the Secured Party to assure that such portion of the Collateral inures and is realized upon for the benefit of the Secured Party.

Section 5. Covenants Regarding Collateral Generally.

(a) Defense of Title. The Debtor shall at all times be the owner of each and every item of Collateral and shall defend its title in and to, and the Security Interest in, the Collateral against the claims and demands of all Persons.

(b) Maintenance of Collateral. The Debtor shall maintain all physical property that constitutes Collateral in reasonably good and workable condition, with reasonable allowance for wear and tear.

(c) Insurance. The Debtor shall at all times maintain insurance on the Collateral against loss or damage by fire, theft, burglary, pilferage, loss in transit and such other hazards and risks, with financially sound and reputable insurance companies, and in such amounts, in each case as the Secured Party may reasonably require. All premiums on such insurance shall be paid by the Debtor and evidence of insurance reasonably acceptable to the Secured Party shall be delivered to the Secured Party upon the Secured Party's request. The Debtor will not use or permit the Collateral to be used unlawfully or outside of any insurance coverage. All insurance policies required under this Section shall contain loss payable clauses in form reasonably satisfactory to the Secured Party.

(d) Location of Office/State of Corporation. The Debtor shall not enter into any transaction for the purpose of re-incorporating in another state of the United States, change the location of its chief executive office, principal place of business, and its books and records relating to the Collateral from address set forth in the first paragraph of this Agreement without giving the Secured Party at least 30 days' prior written notice thereof.

(e) Inspection. The Secured Party (by any of its officers, employees or agents) shall have the right, to the extent that the exercise of such right shall be within the control of the Debtor, during normal business hours and upon reasonable prior notice: (i) to inspect the Collateral, all files relating thereto and the premises upon which any of the Collateral is located, and (ii) to discuss

the Debtor's affairs and finances, insofar as the same are reasonably related to the rights of the Secured Party hereunder with any Person, to verify the amount, quantity, value and condition of, or any other matter relating to, any of the Collateral, subject to the limitations contained in the immediately following subsection (i).

(f) Other Information. The Debtor shall furnish to the Secured Party such other information with respect to the Collateral, including, but not limited to, physical listings of Inventory, as the Secured Party may reasonably request from time to time.

(g) Payments Directly to Secured Party. Upon an Event of Default which is continuing, the Secured Party may at any time and from time to time notify, or request the Debtor to notify, in writing or otherwise, any account debtor or other obligor with respect to any Receivable, Assigned Contracts or other Collateral to make payment to the Secured Party or any agent or designee of the Secured Party directly, at such address as may be specified by the Secured Party. If, notwithstanding the giving of any notice, any such account debtor or other obligor shall make payment to the Debtor, the Debtor shall hold all such payments it receives in trust for the Secured Party, without commingling the same with other funds or property of or held by the Debtor, and shall deliver the same to the Secured Party or any such agent or designee promptly upon receipt by the Debtor in the identical form received, together with any necessary endorsements.

(h) Sale of Collateral. The Debtor shall not sell, lease, transfer or otherwise dispose of any Collateral except (i) the sale of Inventory in the ordinary course of its business or (ii) as may be otherwise agreed by the Secured Party. The inclusion of "proceeds" of the Collateral under the Security Interest shall not be deemed a consent by the Secured Party to any other sale or other disposition of any part or all of the Collateral.

(i) Liens. The Debtor shall not create, assume, incur or permit or suffer to exist or to be created, assumed or incurred, any Lien upon any of the Collateral whether now owned or hereafter acquired other than Permitted Encumbrances and except as may be otherwise agreed by the Secured Party.

(j) Payment of Expenses. The Debtor shall pay all reasonable out-of-pocket expenses, including attorneys' and Receivers' fees and disbursements, actually incurred by the Secured Party or its agents (including any Receiver) in connection with the preparation, perfection, preservation, and enforcement of this agreement; including all expenses incurred by the Secured Party or such agents in dealing with other creditors of the Debtor in connection with the establishment and confirmation of the priority of the Security Interest; all of which expenses shall be payable forthwith upon demand and shall form part of the Obligations.

Section 6. The Secured Party Appointed Attorney-in-Fact. The Debtor hereby irrevocably appoints the Secured Party as the Debtor's attorney-in-fact, with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, upon an Event of Default to take any action and (provided the Debtor has failed to execute such instrument or document or taken any such action after having been requested to do so by the Secured Party) to execute any instrument or document which the Secured Party may reasonably deem necessary or advisable to accomplish the purposes of this Agreement and to exercise any rights and remedies the Secured

Party may have under, or as a result of, this Agreement, including, without limitation: (i) to obtain and adjust insurance required to be maintained pursuant to Section 5(c) hereof; (ii) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral including any Receivable; (iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) or (ii) above; (iv) to sell or assign any Receivable upon such terms, for such amount and at such time or times as the Secured Party deems advisable, to settle, adjust, compromise, extend or renew any Receivable or to discharge and release any Receivable; and (v) to file any claims or take any action or institute any proceedings which the Secured Party may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Secured Party with respect to any of the Collateral. The power-of-attorney granted hereby shall be irrevocable and coupled with an interest.

Section 7. The Secured Party May Perform. If the Debtor fails to perform any agreement contained herein, the Secured Party may, upon reasonable written notice to the Debtor, itself perform, or cause performance of, such agreement, and the expenses of the Secured Party incurred in connection therewith shall constitute Obligations secured hereby.

Section 8. The Secured Party's Duties. The powers conferred on the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers.

Section 9. Remedies. The Secured Party may take any or all of the following actions upon the occurrence and continuance of an Event of Default hereunder.

(a) Acceleration.

(i) Automatic. Upon the occurrence of an Event of Default specified in subsection (c) or (d) of the definition thereof, all of the Obligations shall become automatically due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived, anything in this Agreement or any other agreement evidencing any Obligations to the contrary notwithstanding.

(ii) Optional. If any other Event of Default shall have occurred and be continuing, the Secured Party may declare all of the Obligations to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived, anything in this Agreement or any other agreement evidencing any Obligations to the contrary notwithstanding.

(b) Inventory.

(i) Entry. The Secured Party may enter upon any premises on which Inventory may be located and, without resistance or interference by the Debtor, take physical possession of any or all thereof and maintain such possession on such premises or move the same or any part thereof to such other place or places as the Secured Party shall reasonably choose.

- (ii) Warehousing. The Secured Party may cause any of the Inventory to be placed in a public or field warehouse.
- (c) Rights as a Secured Creditor. The Secured Party may exercise all of the rights and remedies of a secured party under the Uniform Commercial Code and under any other Applicable Law, including, without limitation, the right to sell the Collateral or any part thereof in one or more parcels at public or private sale at any location chosen by the Secured Party, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as may be commercially reasonable. The Debtor agrees that at least 10 days' notice to the Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.
- (d) Appointment of Receiver. The Secured Party may appoint by instrument in writing a receiver, monitor, consultant, liquidator, trustee or a receiver and manager (each of which is herein called a "**Receiver**") in respect of the Debtor and/or the Collateral or any portion thereof. Any Receiver appointed by the Secured Party may be any Person or Persons, and the Secured Party may remove any Receiver so appointed and appoint another or others inserted. The Receiver may exercise all powers of the Secured Party as provided in this Agreement. The Receiver shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, and (except as provided below) as agent for the Debtor for all other purposes, including without limitation the occupation of any premises of the Debtor and in carrying on the Debtor's business. For the purposes of realizing upon the Security Interest, the Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Secured Party as it may determine in its discretion. The Debtor agrees to ratify and confirm all actions of the Receiver acting as agent for the Secured Party, and to release and indemnify the Receiver in respect of all such actions.
- (e) Receivables/Assigned Contracts. The Secured Party shall have the right to assert, either directly or on behalf of the Debtor, any and all rights and claims the Debtor may have under any Receivables and/or any of the Assigned Contracts as the Secured Party may reasonably deem proper and to receive and collect any and all Receivables and Assigned Contracts and any and all monies arising thereunder or resulting therefrom and to apply the same on account of any of the Obligations.
- (f) Exercise of Voting Rights with Respect to Securities. The Secured Party may exercise all voting rights attached to the Securities (if part of the Collateral) (whether or not registered in the name of the Secured Party or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof and otherwise act with respect thereto as though it were the absolute owner thereof; and exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Securities as if it were the absolute owner thereof.

(g) **Borrow Money.** The Secured Party may borrow money for the maintenance, preservation or protection of the Collateral or the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest, as security for the money so borrowed.

Section 10. Application of Proceeds. All proceeds from each sale of, or other realization upon, all or any part of the Collateral upon an Event of Default shall be applied or paid over as follows:

(a) **First:** to the payment of all reasonable costs and out-of-pocket expenses incurred by the Secured Party in connection with the enforcement of the Security Interest or such sale or other realization, including reasonable attorneys' fees actually incurred in connection with the foregoing;

(b) **Second:** to the payment of the interest and/or principal due upon any of the Obligations, in any order which the Secured Party may elect; and

(c) **Third:** the balance (if any) of such proceeds shall be paid to the Debtor or to whomsoever may be legally entitled thereto.

The Debtor shall remain liable and shall pay, on demand, any deficiency remaining in respect of the Obligations.

Section 11. Rights Cumulative. The rights and remedies of the Secured Party under this Agreement, the Credit Agreement, the General Facilities Credit Agreement the Loan Documents and each other document or instrument evidencing or securing the Obligations shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. In exercising its rights and remedies the Secured Party may be selective and no failure or delay by the Secured Party in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

Section 12. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Debtor herefrom shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 13. Notices. Unless otherwise provided herein, all notices and other communications provided for hereunder shall be in writing c/o the Borrower and shall be given in accordance with the provisions of the Credit Agreement.

Section 14. Continuing Security Interest. This Agreement and the Security Interest afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Secured Party. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Obligations, (ii) be binding upon the Debtor, its successors and assigns and (iii) inure the benefit of the Secured Party, and its successors and assigns. The Debtor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession thereof or therefore.

Section 15. Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING, BUT NOT LIMITED TO SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

Section 16. Litigation/Waivers.

(a) THE SECURED PARTY AND THE DEBTOR BOTH ACKNOWLEDGE AND AGREE THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE RELATIONSHIP OF THE DEBTOR AND THE SECURED PARTY ESTABLISHED HEREBY AND THE DOCUMENTS AND INSTRUMENTS EVIDENCING THE OBLIGATIONS WOULD BE BASED UPON DIFFICULT AND COMPLEX ISSUES. ACCORDINGLY, EACH OF THE SECURED PARTY AND THE DEBTOR HEREBY WAIVES ITS RESPECTIVE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND OR NATURE IN ANY COURT OR TRIBUNAL IN WHICH AN ACTION MAY BE COMMENCED BY OR AGAINST THE DEBTOR OR THE SECURED PARTY ARISING OUT OF THIS AGREEMENT, THE OBLIGATIONS OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED IN CONNECTION HERewith OR THEREWITH OR IN CONNECTION WITH THE COLLATERAL OR THE SECURITY INTEREST THEREIN OR BY REASON OF ANY OTHER CAUSE OR DISPUTE WHATSOEVER BETWEEN THE DEBTOR AND SECURED PARTY OF ANY KIND OR NATURE.

(b) THE DEBTOR AND SECURED PARTY EACH HEREBY AGREE THAT ANY COURT OF RECORD OF THE STATE OF NEW YORK OR ANY U.S. FEDERAL COURT LOCATED IN THE STATE OF NEW YORK, SHALL HAVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE DEBTOR AND THE SECURED PARTY, PERTAINING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE OBLIGATIONS OR TO ANY MATTER ARISING THEREFROM, THE COLLATERAL OR THE SECURITY INTEREST THEREIN OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED IN CONNECTION HERewith OR THEREWITH. THE DEBTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE CHOICE OF FORUM SET FORTH IN THIS PARAGRAPH SHALL NOT BE DEEMED TO PRECLUDE THE BRINGING OF ANY ACTION BY THE SECURED PARTY OR THE ENFORCEMENT BY THE SECURED PARTY OF ANY JUDGMENT OBTAINED IN SUCH FORUM IN ANY OTHER APPROPRIATE JURISDICTION.

(c) THE FOREGOING WAIVERS HAVE BEEN MADE WITH THE ADVICE OF COUNSEL AND WITH A FULL UNDERSTANDING OF THE LEGAL CONSEQUENCES THEREOF.

Section 17. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

Section 18. Counterparts. This Agreement may be executed in several counterparts and by facsimile transmission, each of which shall be an original and all of which, taken together, shall constitute but one and the same instrument.

Section 19. Entire Agreement. This Agreement, including any schedules attached hereto and the other Loan Documents, constitutes the entire agreement between the Debtor and the Secured Party relating to the Security Interest and enforcement thereof. There are no representations, warranties or collateral agreements in effect between the Debtor and the Secured Party relating to the subject matter hereof; and possession of an executed copy of this Agreement by the Secured Party constitutes conclusive evidence that it was executed and delivered by the Debtor free of all conditions.

Section 20. Paramountcy. If there is any conflict or inconsistency between this Agreement and Credit Agreement, the provisions of the Credit Agreement shall govern and prevail, but only to the extent of such conflict or inconsistency.

Section 21. Definitions.

(a) For the purposes of this Agreement:

“**Agreement**” means this Security Agreement, as the same may be amended, supplemented, restated or otherwise modified from time to time.

“**Assigned Contract**” means any contract or agreement to which the Debtor is a party or which runs in favor of the Debtor and which constitutes part of the Collateral.

“**Business Day**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Collateral**” means all of the Debtor’s right, title and interest in and to each of the following, wherever located and whether now or hereafter existing, or now owned or hereafter acquired or arising:

- (i) all Receivables;
- (ii) all Inventory;
- (iii) all rights of the Debtor as an unpaid vendor or lienor (including, without limitation, stoppage in transit, replevin and reclamation) with respect to any Inventory or other properties of the Debtor;
- (iv) all general intangibles of the Debtor including, but not limited to, all contract rights of the Debtor;

(v) all documents of title, policies and certificates of insurance, chattel paper and instruments of the Debtor relating to items (i) to (iv) above;

(vi) all books, records, files and correspondence in any way related to any of the foregoing or otherwise pertaining to the business operations of the Debtor howsoever and wheresoever stored and located;

(vii) any and all balances, credits, deposits, accounts, bank accounts, items and monies of the Debtor now or hereafter on deposit with any financial institution and all property of the Debtor of every kind and description now or hereafter in the possession or control of the Secured Party for any reason; and

(viii) any and all products and proceeds of any of the foregoing (including, but not limited to, any claims to any items referred to in this definition, and any claims of the Debtor against third parties for loss of, damage to or destruction of, any or all of the Collateral or for proceeds payable under, or unearned premiums with respect to, policies of insurance) in whatever form, including, but not limited to, cash, instruments, general intangibles, accounts receivable, goods, documents and chattel paper.

The “**Collateral**” includes in any event (and without limitation of the foregoing definition of the Collateral) any and all of Debtor’s present and future right, title and interest in and to all (i) Accounts, Chattel Paper, Deposit Accounts, Documents, General Intangibles, Goods (including, but not limited to, Inventory), Instruments, Investment Property, Letter-of-Credit Rights, money and other personal property regardless of kind or nature, and (ii) Supporting Obligations, Proceeds and Products, arising out of or otherwise relating to any of the things referred to in this sentence (with each capitalized term in this sentence (other than “**Debtor**”) having the meaning attributed to it in the Uniform Commercial Code.

“**Debtor**” has the meaning set forth in the first paragraph hereof.

“**Event of Default**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Financing Statements**” means any and all financing statements in connection with the perfection of the Security Interest, together with any amendments thereto and any continuations thereof.

“**Inventory**” means (a) all inventory of the Debtor and all goods intended for sale or lease by the Debtor, or for display or demonstration; (b) all work-in-process; (c) all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, packing, shipping, advertising, selling, leasing, renting or furnishing of such goods or otherwise used or consumed in the Debtor’s business; and (d) all documents relating to any of the foregoing.

“**Lien**” means any mortgage, hypothec, title retention, pledge, lien, claim, trust, assignment, right of set-off, charge, security interest or other encumbrance whatsoever, whether fixed or floating and howsoever created or arising.

“**Loan Documents**” shall mean any and all other documents, instruments and agreements which are ancillary to the Credit Agreement.

“**Permitted Encumbrances**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Person**” shall have the meaning ascribed thereto in the Credit Agreement.

“**Receivables**” means all accounts and any and all rights to the payment of money or other forms of consideration of any kind (whether classified under the Uniform Commercial Code as accounts, chattel paper, general intangibles, or otherwise) for goods sold or leased or for services rendered including, but not limited to, accounts receivable, proceeds of any letters of credit naming the Debtor as beneficiary, chattel paper, tax refunds, insurance proceeds, contract rights, notes, drafts, instruments, documents, acceptances, and all other debts, obligations and liabilities in whatever form from any Person.

“**Receiver**” has the meaning set forth in Section 9(d) hereof.

“**Secured Party**” has the meaning set forth in the first paragraph hereof.

“**Securities**” means all present and future securities held by the Debtor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertificated security and all substitutions therefor and dividends and income derived therefrom.

“**Security Interest**” means the Lien of the Secured Party upon, and the collateral assignments to the Secured Party of, the Collateral effected hereby or pursuant to the terms hereof.

“**Uniform Commercial Code**” shall mean the Uniform Commercial Code as in effect in the State of New York, as the same may be amended from time to time.

(b) Unless otherwise set forth herein to the contrary, all terms not otherwise defined herein and which are defined in the Uniform Commercial Code are used herein with the meanings ascribed to them in the Uniform Commercial Code.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Debtor has caused this Agreement to be duly executed and delivered by its duly authorized officers under seal as of the date first above written.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: Michael Needham
Name: Michael Needham
Title: President and CEO c/s

By: _____
Name:
Title:

SCHEDULE 2(A)
TRADE NAMES AND FICTITIOUS NAMES

None

**SCHEDULE 2(B)
EXISTING LIENS**

None

SCHEDULE 2(D)
PLACES OF BUSINESS AND LOCATIONS OF INVENTORY

1199 Celebrity Circle, Suite 2700 Myrtle Beach SC 29577 USA

1199 Celebrity Circle (Kiosk) Myrtle Beach SC 29577 USA

ASSIGNMENT OF INSURANCE

For valuable consideration (the receipt and sufficiency of which are hereby acknowledged), Simex-Iwerks Myrtle Beach, LLC (the “**Assignor**”), in accordance with the terms of a certain credit agreement between, the Assignor and ROYAL BANK OF CANADA (the “**Lender**”) dated as of January 6, 2011, as amended and restated by a credit agreement dated December 1, 2014, as further amended and restated by a credit agreement dated as of September 2, 2016 and as further amended and restated by a credit agreement dated as of April 20, 2018, as further amended by an amendment agreement dated as of the date hereof (as may be amended, modified, replaced, revised, extended, renewed, restated and supplemented from time to time, collectively, the “**Credit Agreement**”), assigns and transfers to the Lender, as loss payee, the Assignor’s interests as insured under the policies of insurance set forth in Schedule “A” annexed hereto and under any and all policies issued in replacement of or in substitution of such policies or as renewals of such policies (collectively, the “**Policies**”). The Policies will stand as continuing collateral security for the present and future indebtedness, liabilities and obligations of every nature or kind, whether direct or indirect, absolute or contingent, matured or unmatured and whether as principal or surety, of the Assignor to the Lender (the “**Indebtedness**”).

The Assignor hereby:

1. directs the insurer under the Policies to pay all moneys originally payable under the Policies to the Assignor to the Lender in accordance with this Assignment at Royal Bank of Canada, Commercial Financial Services, 121 King Street West, 7th Floor, Toronto, Ontario, M5H 1C4 (Attention: Account Manager re: SimEx Inc.). The Lender is authorized to give its receipt therefore which shall be binding upon the Assignor;
2. agrees that the Lender may collect, realize or otherwise deal with such monies in any manner and at such time or times as may seem to it advisable and without notice to the Assignor. Any such monies received by the Assignor are received as trustee for the Lender and shall be forthwith paid over to the Lender;
3. agrees that monies received by the Lender may be applied on account of such parts of the Indebtedness as the Lender deems best without prejudice to its claims upon the Assignor for any deficiency;
4. agrees that the Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the relevant insurer, the Assignor and others, and with such monies and other securities as the Lender sees fit, without prejudice to the liability of the Assignor or the Lender's right to hold and realize this security;
5. agrees that the Lender shall not be liable or accountable for any failure to collect such monies or any part thereof. The Lender shall not be bound to institute proceedings for the purpose of

collecting such monies or any part thereof or for the purpose of preserving any rights of the Lender, the Assignor or any other person in respect of the same;

6. agrees that the Lender may charge on its own behalf and also pay to others, reasonable sums for expenses incurred and for services rendered (expressly including legal fees and disbursements) in or in connection with collecting, realizing and/or obtaining payment of the monies hereby assigned or any part thereof and may add the amount of such sums to the Indebtedness;
7. agrees to deliver in writing to the Lender, from time to time, upon request by the Lender, all information relating to the Policies and all monies payable to the Assignor thereunder. The Lender shall be entitled, from time to time, to inspect any books, papers, documents or records evidencing or relating to such Policies and make copies thereof and for such purpose, the Lender shall have reasonable access to all premises containing such books, papers, documents and records occupied by the Assignor;
8. agrees, upon request by the Lender, to do all acts and things to give such receipts, deeds, transfers, discharges and/or other instruments which may be necessary to enable the Lender to obtain payment of the monies hereby assigned or any part thereof or which such insurer may be entitled to receive from the Assignor;
9. agrees, upon receipt from the respective insurer of original copies of each of the Policies, to forthwith provide the Lender with a certified copy of each such Policy, together with a certified copy of each Policy issued in replacement of or in substitution for any Policy or Policies or as a renewal of any Policy or Policies;
10. agrees that the provisions of this Assignment shall be construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein; and
11. agrees that this Assignment may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Assignment, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile and Internet transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

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

IN WITNESS WHEREOF, the Assignor has executed this Assignment on the 29th day of June, 2018.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: *M. Needham*
Name: MICHAEL NEEDHAM
Title: PRESIDENT

I have the authority to bind the corporation

SCHEDULE "A"
INSURANCE POLICIES

See attached.



EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)

6/28/2018

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY Woodruff Sawyer 50 California Street, Floor 12 San Francisco, CA 94111	PHONE (A/C, No, Ext): 415-391-2141	COMPANY Federal Insurance Company
FAX (A/C, No): 415-989-9923	E-MAIL ADDRESS:	
CODE:	SUB CODE:	
AGENCY CUSTOMER ID #: SIMEINC-01		
INSURED SimEx Inc./Iwerks Entertainment 27509 Avenue Hopkins Santa Clarita, CA 91355	LOAN NUMBER	POLICY NUMBER 35273431
	EFFECTIVE DATE 03/01/2018	EXPIRATION DATE 03/01/2019
	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION

LOCATION/DESCRIPTION
See below.

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

PERILS INSURED BASIC BROAD SPECIAL

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Loc 1: 4403 ZOO PKWY, ASHEBORO, NORTH CAROLINA 27205 BUSINESS INCOME WITH EXTRA EXPENSE REACTOR	\$200,000 \$ 1,400,000	24 hrs vrs.
Loc 2: 2920 ZOO DR, SAN DIEGO, CALIFORNIA 92101 BUSINESS INCOME WITH EXTRA EXPENSE REACTOR	\$200,000 \$ 1,400,000	24 hrs vrs.
Loc 3: 2300 SOUTHERN BLVD, FORDHAM RD & BRONX RIVER PARKWAY, BRONX ZOO, BRONX, NY BUSINESS INCOME WITH EXTRA EXPENSE REACTOR	\$200,000 \$ 2,800,000	24 hrs vrs.
Loc 4: 700 WATER ST, DENVER, COLORADO 80211 BUSINESS INCOME WITH EXTRA EXPENSE REACTOR	\$200,000 \$ 1,400,000	24 hrs vrs.
*****SEE ADDENDUM -FOR ADDITIONAL LOCATIONS****		

REMARKS (Including Special Conditions)

The Certificate Holder is added as Loss Payee but only with respect to their interest in the property indicated in the certificate above.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS Royal Bank of Canada 20 King Street - Main Floor Toronto ON M5H 1C4 CANADA	ADDITIONAL INSURED	LENDER'S LOSS PAYABLE	<input checked="" type="checkbox"/> LOSS PAYEE
	MORTGAGEE		
	LOAN #		
AUTHORIZED REPRESENTATIVE <i>Susan Stockdale</i>			

Addendum

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Date:

6/25/2018

INSURED: SIMEX INC. & IWERKS ENTERTAINMENT INC.

(Continued) addendum page 1 of 2

Loc. 5) 27509 AVENUE HOPKINS,
SANTA CLARITA, CALIFORNIA 91355
PERSONAL PROPERTY - \$ 500,000 -
\$2,500 Ded.
BUSINESS INCOME WITH EXTRA
EXPENSE - \$ 550,000 - 48 Hrs Waiting
Period
STOCK - \$ 25,000 - \$2,500 ded
EDP PROPERTY - \$200,000 - \$2,500 Ded

Loc. 6) 1 GOVERNMENT DR, ST. LOUIS,
MISSOURI 63110
BUSINESS INCOME WITH EXTRA EXPENSE -
\$ 200,000 - 24 hrs waiting period
REACTOR - \$ 1,400,000 vrs. ded.

Loc. 7) 25030 AVENUE TIBBITTS
SANTA CLARITA, CALIFORNIA 91355
PERSONAL PROPERTY - \$ 875,000 \$2,500 ded.
BUSINESS INCOME WITH EXTRA EXPENSE - \$ 200,000 - 24 hrs waiting period
EDP PROPERTY - \$ 10,000 - \$2,500 ded

Loc. 8) 10600 YORK RD
COCKEYSVILLE, MARYLAND 21030
PERSONAL PROPERTY - \$ 180,000 \$2,500 ded
BUSINESS INCOME WITH EXTRA EXPENSE \$ 600,000 - 48 HOURS waiting period
EDP PROPERTY \$ 70,000 - \$2,500 ded

Loc. 9) 370 ZOO PKWY
JACKSONVILLE, FLORIDA 32218
BUSINESS INCOME WITH EXTRA EXPENSE - \$ 200,000 24 hrs waiting period
REACTOR - \$ 1,400,000 vrs. ded

Loc. 10) 1735 RICHMOND RD
WILLIAMSBURG, VIRGINIA 23185
BUSINESS INCOME WITH EXTRA EXPENSE - \$ 200,000 24 hrs waiting period
EDP PROPERTY \$ 450,000 \$2,500 ded

Loc. 11) RIO RAINFOREST ATTRACTION THEATRE
2920 ZOO DRIVE
SAN DIEGO, CALIFORNIA 92101
PERSONAL PROPERTY - \$ 1,025,000 \$2,500 ded
BUSINESS INCOME WITH EXTRA EXPENSE - \$ 200,000 24 hrs waiting period

Addendum

Date:

6/25/2018

INSURED: SIMEX INC. & IWERKS ENTERTAINMENT INC.

(Continued) addendum page 2 of 2

Loc.12) 602 SURF AVE
BROOKLYN, NEW YORK 11224
BUSINESS INCOME WITH EXTRA
EXPENSE - \$ 200,000 24 hrs waiting
period
REACTOR - \$ 1,400,000 vrs. ded.

Loc.13) 455 N GALVIN PKWY
PHOENIX, ARIZONA 85008
BUSINESS INCOME WITH EXTRA EXPENSE - \$ 200,000 24 hrs
waiting period
REACTOR - \$ 1,400,000 vrs. ded.

Loc.14) 3900 WILDLIFE WAY
CLEVELAND, OHIO 44109
BUSINESS INCOME WITH EXTRA EXPENSE - \$ 200,000 24 hrs waiting period
REACTOR - \$ 1,400,000 vrs. ded.

Loc.15) 3855 W LAKE HAMILTON DR
WINTER HAVEN, FLORIDA 33881
PERSONAL PROPERTY - \$ 200,000 - \$2,500 Ded.

Loc.16) 27815 SMYTH DR
VALENCIA, CALIFORNIA 91355
PERSONAL PROPERTY - \$ 50,000 - \$2,500 Ded.
STOCK - \$ 50,000 - \$2,500 Ded.

Loc.17) 701 CHANNELSIDE DR
TAMPA, FLORIDA 33602
BUSINESS INCOME WITH EXTRA
EXPENSE - \$ 200,000 24 hrs waiting period
REACTOR - \$ 1,400,000 vrs. ded.



EVIDENCE OF PROPERTY INSURANCE

315
DATE (MM/DD/YYYY)
6/29/2018

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY Hub International Carolinas 4331 Robert M. Grissom Parkway, Suite 201 Myrtle Beach, SC 29577	PHONE (A/C, No, Ext): (866) 903-5324	COMPANY US Assure Insurance Services
FAX (A/C, No): (866) 492-8155	E-MAIL ADDRESS:	
CODE:	SUB CODE:	
AGENCY CUSTOMER ID #: SIMEMYR-01	License # 1000009384	
INSURED SimEx-Iwerks Myrtle Beach LLC 210 King Street East, Suite 600 Toronto, Ontario, CN	LOAN NUMBER	POLICY NUMBER EC71842753
	EFFECTIVE DATE 6/30/2018	EXPIRATION DATE 7/30/2018
	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION

LOCATION/DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

PERILS INSURED BASIC BROAD SPECIAL All Risk

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Limit at any one location Limit	\$7,945,000	
Limit at temporary location Limit	\$250,000	
Transit limit Limit	\$100,000	
Earthquake Limit	\$7,945,000	25,000
Flood Limit	\$7,945,000	50,000
Other Limit		3

REMARKS (Including Special Conditions)

Special Conditions:
 Project Site: 1199 Celebrity Circle, Myrtle Beach SC 29577
 Description of Project: New Construction of a 2-Story Non-Combustible 4-D Attraction

The certificate holder is added as Loss Payee but only with respect to their interest indicated in the certificate above.
 The policy contains 30 days NOC except for non-payment which is 10 days.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS	ADDITIONAL INSURED	LENDER'S LOSS PAYABLE	<input checked="" type="checkbox"/> LOSS PAYEE
	MORTGAGEE		
	LOAN #		
	AUTHORIZED REPRESENTATIVE		
Royal Bank of Canada 20 King St. Main Floor Toronto, ON M5H 1C4, CN	<i>Vivian Combs</i>		

CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

06/28/2018 ³¹⁶

BROKER



HUB International HKMB Limited
 595 Bay Street, Ste 900
 Toronto, ON M5G 2E3
 PHONE: 416-597-0008 FAX: 416-597-2313

This certificate is issued as a matter of information only and confers no rights upon the certificate holder. This certificate does not amend, extend or alter the coverage afforded by the policies below.

Company A	Market: Certain Underwriters at Lloyd's under contract
Company B	Chubb Insurance Company of Canada
Company C	
Company D	
Company E	

INSURED'S FULL NAME AND MAILING ADDRESS

SimEx Inc. & Iwerks Entertainment Inc.
 210 King St E
 Suite 600
 Toronto, ON M5A 1J7

COVERAGES

This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated, notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. Limits shown may have been reduced by paid claims.

TYPE OF INSURANCE	CO LTR	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS OF LIABILITY (Canadian dollars unless indicated otherwise)	
COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> PRODUCTS AND/OR COMPLETED OPERATIONS <input checked="" type="checkbox"/> PERSONAL INJURY <input checked="" type="checkbox"/> EMPLOYER'S LIABILITY <input checked="" type="checkbox"/> TENANT'S LEGAL LIABILITY <input checked="" type="checkbox"/> NON-OWNED AUTOMOBILE <input checked="" type="checkbox"/> HIRED AUTOMOBILE	B	35347568	03/01/2018	03/01/2019	EACH OCCURRENCE	\$ 1,000,000
					GENERAL AGGREGATE	\$ 10,000,000
					PRODUCTS - COMP/OP AGGREGATE	\$ 1,000,000
					PERSONAL INJURY	\$ 1,000,000
					EMPLOYER'S LIABILITY	\$ 1,000,000
					TENANT'S LEGAL LIABILITY	\$ 1,000,000
					NON-OWNED AUTOMOBILE	\$ 1,000,000
					HIRED AUTOMOBILE	\$ 50,000
AUTOMOBILE LIABILITY <input type="checkbox"/> DESCRIBED AUTOMOBILES <input type="checkbox"/> ALL OWNED AUTOMOBILES <input type="checkbox"/> LEASED AUTOMOBILES ** <input type="checkbox"/> GARAGE LIABILITY <small>**ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE</small>					BODILY INJURY PROPERTY DAMAGE COMBINED	\$
					BODILY INJURY (Per person)	\$
					BODILY INJURY (Per accident)	\$
					PROPERTY DAMAGE	\$
EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	A	EXT35712	03/01/2018	03/01/2019	EACH OCCURRENCE	\$ 14,000,000
					AGGREGATE	\$ 14,000,000
OTHER (SPECIFY) Commercial Property - All Risks Canadian locations	B	35347568	03/01/2018	03/01/2019	Contents - 511 King/ 210 King St	\$ 900,000
					EDP - 511 King St /210 King St	\$ 300,000
					Bus Income - 511/210 King St	\$ 1,700,000
					Contents- 2299 Drew Road	\$ 500,000
					Stock - 2299 Drew Rd	\$ 10,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS/ ADDITIONAL INSURED

Commercial Property Policy Specifications (Continuation):

2299 Drew Road Unit 8-18 and 24&25 Mississauga
 EDP Limit - \$120,000
 Business Income Limit - \$2,100,000

KJ Beamish Construction (Storage Location)
 Reactor units Limit - \$2,505,120

Personal Property at any Other Location - \$2,800,000

(continued next page)

CERTIFICATE HOLDER

Royal Bank of Canada
 20 King Street- Main floor
 Toronto, ON M5H1C4

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOUR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Per: _____

ADDITIONAL REMARKS SCHEDULE

PRODUCER HUB International HKMB Limited		INSURED SimEx Inc. & Iwerks Entertainment Inc.	
POLICY NUMBER			
CARRIER	NAIC CODE	ISSUE DATE: 06/28/2018	

ADDITIONAL REMARKS

(continued from previous page)

The Certificate Holder is added as Additional Insured(s) to the Commercial General Liability Policy but only insofar as their legal liability arises, vicariously, out of operations performed by, or on behalf of, the Named Insured.

The Certificate Holder is added as Loss Payee but only with respect to their interest in the property indicated in the certificate above.

TAB K

This is Exhibit "K" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be "R. H. King", written over a solid horizontal line.

A commissioner for taking affidavits.



Royal Bank of Canada
 Special Loans Advisory Services
 20 King Street West, 2nd Floor
 Toronto, ON M5H 1C4

As of July 20, 2021

Private and Confidential

SIMEX Inc.
210 King Street East, Suite 600
Toronto, ON M5A 1J7

ROYAL BANK OF CANADA (the “**Bank**”) hereby offers the credit facilities described below (the “**Credit Facilities**”) subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the “**Agreement**”). Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. This Agreement is in addition to our agreement dated as of July 20, 2021, as amended, superseded, restated or replaced from time to time. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or Event of Default.

BORROWER: SIMEX Inc. (the “**Borrower**”).

CREDIT FACILITIES

Facility #1: \$1,000,000 non-revolving term facility by way of:

a) Fixed Rate Term Loans (“**FRT Loans**”) Interest rate (per annum): 4.00%

AVAILABILITY

This term facility is made possible under Business Development Bank of Canada’s (“**BDC**”) Highly Affected Sectors Credit Availability Program (“**HASCAP**”) and is subject to the terms and conditions set forth herein and in Schedule “D” attached hereto. Hereafter, this facility may be referred to as the “**BDC HASCAP Facility**”.

The Borrower may borrow up to the amount of this term facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

Notwithstanding the foregoing and without limiting the Bank’s right to cancel or restrict availability under this facility at any time, if the Borrower does not borrow under this facility on or before

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September 30, 2021, the Bank may, at its sole discretion, cancel this facility and the Bank will be under no obligation to advance any funds hereunder.

REPAYMENT

The Borrower shall pay interest payments commencing one month from drawdown and thereafter on the same day of the month for the next eleven months. The Borrower shall thereafter repay Borrowings under this facility as follows:

Payment Amount:	\$20,834	Payment Frequency:	Monthly
Payment Type:	Principal Plus Interest	Payment date:	13 months from drawdown
Repayable in full on:	July 31, 2026	Original Amortization (months)	60

The Bank may, at its discretion, adjust payments periodically, if necessary, to ensure payment in full of all Borrowings under this facility within the stated amortization period.

SECURITY

Without limiting any other security held by the Bank with respect to any credit facility provided by the Bank to the Borrower from time to time, Security for the Borrowings (collectively, the “**Security**”), shall include:

- a) BDC’s Eligible Borrower’s Representations and Warranties on the Bank’s and BDC’s standard form held in support of the BDC HASCAP Facility (the “**Borrower’s Representations and Warranties**”);
- b) General security agreement on the Bank’s form 924 signed by the Borrower constituting a first ranking security interest in all personal property of the Borrower;
- c) Guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the “**First New Iwerks Guarantee**”) supported by a general security agreement constituting a first ranking security interest in all personal property of Iwerks Entertainment, Inc. (the “**New Iwerks GSA**”);
- d) Guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the “**Second New Iwerks Guarantee**”) supported by the New Iwerks GSA;
- e) Securities pledge agreement between the Borrower and the Bank whereby the Borrower pledges all of the shares in its subsidiaries to the Bank;
- f) Guarantee and postponement of claim on the Bank’s form 812 in the amount of \$8,000,000 signed by SimEx Santa’s Late Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of SimEx Santa’s Late Inc.;
- g) Guarantee and postponement of claim on the Bank’s form 812 in the amount of \$8,000,000 signed by Cinema 4D Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of Cinema 4D Inc.;
- h) Guarantee and postponement of claim on the Bank’s form 812 in the amount of \$8,000,000 signed by 6618359 Canada Inc. supported by a general security agreement on the Bank’s form 924 constituting a first ranking security interest in all personal property of 6618359 Canada Inc.;

- i) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$8,000,000 signed by 6618391 Canada Inc. supported by a general security agreement on the Bank's form 924 constituting a first ranking security interest in all personal property of 6618391 Canada Inc.;
- j) Intercreditor agreement with BDC Capital Inc.; and
- k) Postponement and assignment of claim on the Bank's form 918 signed by Michael J. Needham.

If any guarantee and postponement of claim or suretyship and subordination of claims described above is a joint and several guarantee among one or more individual Persons and other non-individual Person(s), then, as set out in the Joint and Several paragraph in the Terms and Conditions below, the liability of each such non-individual Person for any BDC HASCAP Facility is joint and several (in Quebec, solidarily) with each other such non-individual Person party to such guarantee (if any). For purposes of greater certainty, an individual Person shall not be liable as Guarantor for obligations owing under any BDC HASCAP Facility.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) such financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;
- d) all terms and conditions of the HASCAP have been fulfilled to the satisfaction of the Bank; and
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally:

- f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

BUSINESS LOAN INSURANCE PLAN

The Borrower hereby acknowledges that the Bank has offered it group creditor insurance coverage on the Borrowings under the Business Loan Insurance Plan and the Borrower hereby acknowledges that it is the Borrower's responsibility to apply for any new or increased insurance amount for the Borrowings that may be eligible.

If the Borrower decides to apply for insurance on the Borrowings, the application will be made via the Bank's Business Loan Insurance Plan application (form 3460 ENG or 53460 FRE). If the Borrower has existing uninsured Borrowings and decides not to apply for Business Loan Insurance Plan coverage on any new Borrowings, it hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for Business Loan Insurance Plan coverage on all such Borrowings, and that all such Borrowings are not insured under the Policy as at the date of acceptance of this Agreement.

If the Borrower has Business Loan Insurance Plan coverage on previously approved Borrowings, such coverage will be applied automatically to all new Borrowings eligible for Business Loan Insurance Plan coverage that share the same loan account number, up to the approved amount of Business Loan Insurance Plan coverage. This Agreement cannot be used to waive coverage on new Borrowings eligible for Business Loan Insurance Plan coverage if Business Loan Insurance Plan coverage is in effect on the Borrower's existing Borrowings. If the Borrower does not want Business Loan Insurance Plan coverage to apply to any new Borrowings, a different loan account number will need to be set up and all uninsured loans attached to it.

If the Borrower has existing Borrowings to which Business Loan Insurance Plan coverage applies, and any new Borrowings would exceed the approved amount of Business Loan Insurance Plan coverage already in place, the Borrower must apply for additional Business Loan Insurance Plan coverage (if eligible) in order for Business Loan Insurance Plan coverage to apply to any new Borrowings. If the Borrower decides not to apply for additional Business Loan Insurance Plan coverage in respect of any new Borrowings (if eligible), the Borrower hereby acknowledges that the Bank may accept the Borrower's signature below as the Borrower's waiver of the Bank's offer to apply for additional Business Loan Insurance Plan coverage on such new Borrowings and that such new Borrowings are not insured under the Policy as at the date the Borrower executes this Agreement.

If there are any discrepancies between the insurance information in this Agreement and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums (plus applicable taxes), will be taken as a separate payment, directly from the bank account associated with the loan, at the same frequency and schedule as your regular loan payments, where applicable. As premiums are based on the outstanding loan balance and the insured person's age at the time the premiums are due, the cost of Business Loan Insurance Plan coverage may increase during the term of the loan. The premium calculation is set out in the Business Loan Insurance Plan terms and conditions provided to the Borrower at the time the application for Business Loan Insurance Plan coverage was completed. Refer to the terms and conditions (form 3460 ENG or 53460 FRE) for further explanation and disclosure.

GOVERNING LAW JURISDICTION

Province of Ontario.

ACCEPTANCE

This Agreement is open for acceptance until July 31, 2021, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

By:  _____

Per: Scott Bridges
Title: Senior Director

RBC Contact: Scott Bridges

/SB

We acknowledge and accept the terms and conditions of this Agreement on this 20th day of July, 2021.

SIMEX INC.

By: M. Needham
Name: Michael Needham
Title: President and CEO

By: SS
Name: Shiori Sudo
Title: Executive Vice-President

I/We have the authority to bind the Borrower

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of July 20, 2021.

IWERKS ENTERTAINMENT INC.

By: M. Needham
Name: Michael Needham
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of July 20, 2021.

SIMEX SANTA'S LATE INC.

By: M. Needham
Name: Michael Needham
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of July 20, 2021.

CINEMA 4D INC.

By: Michael Needham
Name: Michael Needham
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of July 20, 2021.

6618391 CANADA INC.

By: Michael Needham
Name: Michael Needham
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of July 20, 2021.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: Michael Needham
Name: Michael Needham
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

We acknowledge and confirm our agreement with the foregoing terms and conditions, as Guarantor, as of July 20, 2021.

6618359 CANADA INC.

By: Michael Needham
Name: Michael Needham
Title:

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Additional Borrowing Conditions
- BDC HASCAP Terms and Conditions

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("**Reducing Term Loan/Facility**"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("**Renewal Letter**") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

PREPAYMENT

The Borrower may prepay Borrowings under the BDC HASCAP Facility by way of FRT Loans prior to the Maturity Date, in whole or in part, subject to the following conditions: (i) the Bank provides its prior written consent to such prepayment, (ii) the Borrower agrees to pay the Prepayment Fee as defined below, (iii) in the case of a partial prepayment, an amendment is made to the terms of this Agreement to reflect such prepayment, and (iv) such other conditions as the Bank may reasonably impose.

The Prepayment Fee will be calculated by the Bank as the greater of:

- (i) the amount equal to 3 months' interest payable on the amount of the FRT Loan Borrowings being prepaid, calculated at the interest rate applicable to the FRT Loan Borrowings on the date of prepayment; and
- (ii) the present value of the cash flow associated with the difference between the Bank's original cost of funds for the FRT Loan and the current cost of funds for a loan with a term substantially similar to the remaining term of the FRT Loan and an amortization period substantially similar to the remaining amortization period of the FRT Loan, each as determined by the Bank on the date of such prepayment;

The Prepayment Fee shall also be payable by the Borrower in the event that the Bank demands repayment of the outstanding principal of the FRT Loan on the occurrence of an Event of Default. The Borrower's obligation to pay the Prepayment Fee will be in addition to any other amounts then owing by the Borrower to the Bank, will form part of the loan amount and will be secured by the Security described herein.

The prepayment of any Borrowings under a term facility and/or any term loan will be made in the reverse order of maturity.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "**Accounts**") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;
- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security or an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure or composition and will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;

- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, or any Event of Default, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

Save and except for any waiver or extension of the deadline for acceptance of this Agreement at the Bank's sole discretion, which may be communicated in writing, verbally, or by conduct, no amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person. Notwithstanding the foregoing, where more than one Person is liable as Guarantor for any BDC HASCAP Facility hereunder, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person other than individual Persons. For purposes of greater certainty, an individual Person shall not be liable as Guarantor for obligations owing under any BDC HASCAP Facility.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

ELECTRONIC MAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

ELECTRONIC IMAGING

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "**Paper Record**") into electronic images (each, an "**Electronic Image**") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) if applicable, it is duly constituted, validly existing and duly registered or qualified to carry on business or its operations in all jurisdictions where the nature of its properties, assets, business or operations make such registration or qualification necessary or desirable;
- b) the execution, delivery and performance by it of this Agreement do not violate any Applicable Laws or agreements to which it is subject or by which it is bound, and where applicable, have been duly authorized by all necessary actions and do not violate its constating documents;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank or an Event of Default;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and

- there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing and/or the entering into each Lease, if applicable, hereunder.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EXCHANGE RATE FLUCTUATIONS

If, for any reason, the amount of Borrowings and/or Leases, if applicable, outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an "**Event of Default**" which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, term or condition contained in this Agreement, the Security, or any other agreement delivered to the

- Bank or in any documentation relating hereto or thereto (including, without limitation the Borrower's Representations and Warranties);
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;
 - d) if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
 - e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
 - f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto (including, without limitation the Borrower's Representations and Warranties) or under any Security shall be false in any material respect; or
 - g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.

INCREASED COSTS

If any change in Applicable Laws or the interpretation thereof after the date hereof (i) imposes or increases taxes on payments due to the Bank hereunder (other than taxes on the overall net income of the Bank), (ii) imposes or increases any reserve or other similar requirement or (iii) imposes or changes any other condition affecting the Credit Facilities, and the result of any of the foregoing results in any additional cost to the Bank of making available, continuing or maintaining any of the Credit Facilities hereunder (or maintaining any obligations to make any such Credit Facilities available hereunder) or results in any reduction in the amount of any sum received or receivable by the Bank in connection with this Agreement or the Credit Facilities made available hereunder, then from time to time, upon written request of the Bank, the Borrower shall promptly pay to the Bank, such additional amount or amounts as will compensate the Bank for any such additional costs incurred or reduction suffered.

CONFIDENTIALITY

This Agreement and all of its terms are confidential ("**Confidential Information**"). The Borrower shall keep the Confidential Information confidential and will not disclose the Confidential Information, or any part thereof, to any Person other than the Borrower's directors, officers, employees, agents, advisors, contractors, consultants and other representatives of the Borrower who need to know the Confidential Information for the purpose of this Agreement, who shall be informed of the confidential nature of the Confidential Information and who agree or are otherwise bound to treat the Confidential Information consistent with the terms of this Agreement. Without limiting the generality of the foregoing, the Borrower shall not issue any press release or make any other public announcement or filing with respect to the Confidential Information without the Bank's prior written consent.

Schedule "A"

DEFINITIONS

For the purpose of this Agreement, if applicable, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility and all such usages outstanding at any time are **"Borrowings"**;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Business Loan Insurance Plan" means the optional group creditor insurance coverage, underwritten by Sun Life Assurance Company of Canada, and offered in connection with eligible loan products offered by the Bank;

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental and Health and Safety Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity;

“Policy” means the Business Loan Insurance Plan policy 5100, issued by Sun Life Assurance Company of Canada to the Bank;

“Potential Prior-Ranking Claims” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

“RBP” and **“Royal Bank Prime”** each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada; and

“Release” includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.

Schedule "B"**CALCULATION AND PAYMENT OF INTEREST AND FEES****LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law. In no event shall the effective interest rate payable by the Borrower under any facility be less than zero.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

FRT LOANS

The Borrower shall pay interest on each loan in arrears at the applicable rate on such date as agreed upon between the Bank and the Borrower. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

Schedule "C"**ADDITIONAL BORROWING CONDITIONS****FRT Loans:**

Borrowings made by way of FRT Loans will be subject to the following terms and conditions:

- a) each FRT Loan shall have a minimum term of one year;
- b) each FRT Loan shall be in an amount not less than \$10,000.00; and
- c) each FRT Loan shall have a term as outlined in the applicable repayment section of each corresponding credit facility, provided that the maturity date of any FRT Loan issued under any term facility shall not extend beyond the Maturity Date of the term facility.

Schedule "D"

BDC BUSINESS CREDIT AVAILABILITY PROGRAM

INTRODUCTION

The BDC HASCAP Facility is being provided to the Borrower under Business Development Bank of Canada's ("BDC") Highly Affected Sectors Credit Availability Program ("HASCAP"). HASCAP is intended to provide additional liquidity support to Canadian businesses that have been highly affected by and are facing economic hardship as a result of the COVID-19 pandemic by having BDC provide a guarantee (the "BDC Guarantee") in favour of the Bank against loan losses, provided the requirements of HASCAP have been met.

The Borrower acknowledges that the BDC Guarantee is subject to the Borrower meeting BDC's HASCAP mandate requirements regarding support for Canadian businesses, as that mandate is expressed from time to time.

BDC GUARANTEE FEE

The Borrower acknowledges that 1.00% of the 4.00% per annum interest rate payable under the BDC HASCAP Facility is a non-refundable guarantee fee charged by BDC for coverage under BDC HASCAP. The Borrower hereby authorizes and directs the Bank to collect such guarantee fee and remit it to BDC on the Borrower's behalf.

BDC CONDITIONS PRECEDENT

In addition to the conditions set forth in the Conditions Precedent section of this Agreement, the availability of any Borrowing under the BDC HASCAP Facility is conditional upon receipt of the following:

- a) the confirmation number issued by BDC on the Borrower's completion and submission of BDC's online electronic information form;
- b) the Borrower's signed Borrower's Representations and Warranties; and
- c) a signed Waiver from each Guarantor, present and future, if applicable.

The Borrower is required to access and to complete the above-mentioned forms electronically using a link on the [BDC website](#).

In addition to the above conditions, no advance is available to the Borrower hereunder if a default or an event of default has occurred and is continuing under any of the Borrower's other credit facilities with the Bank, except as such default or event or default may be waived by the Bank in writing or otherwise remedied to the satisfaction of the Bank, acting reasonably.

The BDC conditions precedent above and the conditions set forth in the Conditions Precedent section of this Agreement (collectively, the "**BDC HASCAP Facility Conditions Precedent**") shall be satisfied on or before August 31, 2021 or such other date as the Bank may notify the Borrower in writing. If the BDC HASCAP Facility Conditions Precedent are not satisfied or waived by the Bank (in the Bank's sole discretion) on or before such date, the BDC HASCAP Facility shall automatically be cancelled and shall no longer be available to the Borrower.

USE OF BORROWINGS

Borrowings under the BDC HASCAP Facility shall only be used in accordance with the terms and conditions of the Borrower's Representations and Warranties.

CONSENT AND ACKNOWLEDGEMENT

The Borrower agrees to the following:

- a) it irrevocably authorizes the Bank and BDC to:
 - i. freely and fully communicate with each other and freely and fully share information, records, files and documentation related to the Borrower, the BDC HASCAP Facility and the BDC Guarantee including, without limitation, with respect to the Borrower's business, property, assets, customers, contracts, purchase orders, creditors, financial state, projections and prospects and the Bank's internal credit review of the Borrower (including, without limitation, risk ratings, key financial ratios, ratings, analysis of the Borrower's financial statements, assessment of technical capability, and relevant history of the Borrower), and
 - ii. retain copies of information or documents relating to any of the foregoing.
- b) it hereby remises, releases and forever discharges the Bank and BDC from all actions, causes of actions, suits, duties, accounts, bonds, covenants, claims and demands whatsoever, which any of the undersigned, may now or hereafter have against either or both of the Bank and BDC for or by reason of or in any way arising out of the release or sharing of information provided for in this consent and acknowledgement.
- c) it acknowledges that BDC has made no commitment to provide the BDC Guarantee and such decision remains in BDC's sole discretion and that the BDC Guarantee must be in form and on terms and conditions satisfactory to the Bank.

TAB L

This is Exhibit "L" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to read "J. P. [unclear]", written over a solid horizontal line.

A commissioner for taking affidavits.

January 12, 2024

File No.: 224006-138

Sent via Registered Mail and E-Mail

SimEx Inc.

c/o Graham Phoenix
Loopstra Nixon LLP
130 Adelaide Street West, Suite 2800
Toronto ON M5H 3P5,
Canada

Attention: Graham Phoenix

Dear Sir/Madam:

Re: Indebtedness owing to Royal Bank of Canada (the "**Lender**") pursuant to: (i) an Amended and Restated Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of March 21, 2023 (the "**Credit Agreement**"), between the Lender and SimEx Inc. (the "**Debtor**"); and (ii) a Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of July 20, 2021, between the Lender and the Debtor (the "**BDC HASCAP Facility**").

We are counsel for the Lender in connection with the Credit Agreement and the BDC HASCAP Facility. Capitalized terms not otherwise defined hereunder have the meaning ascribed to such terms in the Credit Agreement and the BDC HASCAP Facility.

We refer to:

1. the Credit Agreement;
2. the BDC HASCAP Facility;
3. a general security agreement on the Lender's form 924 signed by the Debtor constituting a first ranking security interest in all personal property of the Debtor;
4. a securities pledge agreement between the Debtor and the Lender whereby the Debtor pledges all of the shares in its subsidiaries to the Lender;
5. a postponement and assignment of claim on the Lender's form 918 signed by Michael J. Needham;
6. a postponement and assignment of claim on the Lender's form 918 signed by Shiori Sudo;
7. a postponement and assignment of claim on the Lender's form 918 signed by Richard Needham;
8. a postponement and assignment of claim on the Lender's form 918 signed by Sal Agosta;

9. a postponement and assignment of claim on the Lender's form 918 signed by Kevin Dennis;
10. a postponement and assignment of claim on the Lender's form 918 signed by Milan Ghosh;
11. a postponement and assignment of claim on the Lender's form 918 signed by Mike Frueh;
12. a postponement and assignment of claim on the Lender's form 918 signed by Mark Cornell regarding Iwerks Entertainment, Inc.;
13. a security agreement (accounts receivable) on the Lender's form 925 signed by the Debtor constituting a first ranking security interest in all accounts receivable of the Debtor arising out of Export Contracts for which the Lender is providing financing under Facility #2;
14. a security agreement (inventory) on the Lender's form 926 signed by the Debtor constituting a first ranking security interest in all inventory of the Debtor relating to or arising out of Export Contracts for which the Lender is providing financing under Facility #2;

(collectively, the "**Loan and Security Documents**").

Capitalized terms which are used herein but not otherwise defined in this letter have the meanings given to them in the Loan and Security Documents, as applicable.

As at January 8, 2024, the amount of CA\$6,758,710.52 and US\$9,767,883.15 is owing by the Debtor to the Lender pursuant to the Credit Agreement and the BDC HASCAP Facility, which amount (i) includes principal and interest and breakage costs up to and including January 8, 2024, but excludes (ii) legal fees and other amounts incurred or accruing pursuant to the Credit Agreement and the BDC HASCAP Facility from and after the date of the initial default (collectively, the "**Outstanding Indebtedness**").

Certain defaults under the Loan and Security Documents have occurred, which defaults are continuing and have not been cured, including but not limited to:

- certain defaults in the payment and performance of obligations, including but not limited to, the failure of the Debtor to pay any principal, interest or other amount when due pursuant to the Events of Default section in the Credit Agreement and the BDC HASCAP Facility; and
- pursuant to the Credit Agreement, the Borrower covenanted to ensure the EBITDA on a consolidated basis, for the quarter ending June 30, 2023, shall be greater than \$1,650,00 and for the quarter ending September 30, 2023, shall be greater than \$2,750,000. The actual EBITDA for the quarter ending June 30, 2023, was \$910,997, and for the quarter ending September 30, 2023, was \$1,116,750.

Accordingly, on behalf of the Lender, we hereby make formal demand on the Debtor for payment of the Outstanding Indebtedness pursuant to the terms of the Credit Agreement and the BDC HASCAP Facility. Payment is required to be made immediately. Interest and enforcement costs continue to accrue on the Outstanding Indebtedness in accordance with the terms of the Credit Agreement and the BDC HASCAP Facility as applicable.

If payment of the Outstanding Indebtedness is not received by January 22, 2024, the Lender shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing, including, without limitation, seeking to appoint an interim receiver, receiver or receiver and/or manager over the current and future assets, undertakings and properties (collectively, the “**Property**”) of the Debtor, in which case the Lender will also be seeking all costs incurred in so doing.

In accordance with the terms of the GSA, we enclose for service upon you a Notice of Intention to Enforce Security in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”). If you are prepared to (i) waive the ten-day notice period pursuant to section 244(2) of the BIA and (ii) Consent to the Appointment of a Receiver over the Property, please endorse the Acknowledgment and Consent enclosed with the Notice of Intention to Enforce Security and return a copy to the undersigned.

Please note that the Lender reserves its rights to proceed against the Debtor prior to the time stipulated above in the event that it determines that its position is further jeopardized.

Yours truly,

Dentons Canada LLP



Kenneth Kraft

Enclosures: (1) Notice of Intention to Enforce a Security
(2) Acknowledgment and Consent

Cc: *Client*

Notice of Intention to Enforce a Security

(Rule 124)

To: SimEx Inc, an insolvent corporation

Re: Indebtedness owing to Royal Bank of Canada (the “**Lender**”) pursuant to: (i) an Amended and Restated Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of March 21, 2023 (the “**Credit Agreement**”), between the Lender and SimEx Inc. (the “**Debtor**”); and (ii) a Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of July 20, 2021, between the Lender and the Debtor (the “**BDC HASCAP Facility**”)

Take notice that:

1. The Lender, a secured creditor, intends to enforce its security on the Debtor’s property, in respect of the Credit Agreement and the BDC HASCAP Facility, described below:
 - (a) all inventory of whatever kind and wherever situate;
 - (b) all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
 - (c) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (“**Debts**”);
 - (d) all lists, records and files relating to the Debtor’s customers, clients and patients;
 - (e) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (f) all contractual rights and insurance claims; and
 - (g) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders’ rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registrations of any of the foregoing (collectively “**Intellectual Property**”).

2. The security that is to be enforced for the borrowings and all other obligations of the Debtor to the Lender, including, without limitation, any amounts outstanding under any leases, if applicable, under the Credit Agreement is the following:
 - (a) a general security agreement on the Lender’s form 924 signed by the Debtor constituting a first ranking security interest in all personal property of the Debtor;
 - (b) a securities pledge agreement between the Debtor and the Lender whereby the Debtor pledges all of the shares in its subsidiaries to the Lender;

- (c) a postponement and assignment of claim on the Lender's form 918 signed by Michael J. Needham;
 - (d) a postponement and assignment of claim on the Lender's form 918 signed by Shiori Sudo;
 - (e) a postponement and assignment of claim on the Lender's form 918 signed by Richard Needham;
 - (f) a postponement and assignment of claim on the Lender's form 918 signed by Sal Agosta;
 - (g) a postponement and assignment of claim on the Lender's form 918 signed by Kevin Dennis;
 - (h) a postponement and assignment of claim on the Lender's form 918 signed by Milan Ghosh;
 - (i) a postponement and assignment of claim on the Lender's form 918 signed by Mike Frueh;
 - (j) a postponement and assignment of claim on the Lender's form 918 signed by Mark Cornell regarding Iwerks Entertainment, Inc.;
3. The security that is to be enforced for the borrowings under Facility #2 of the Credit Agreement is the following:
- (a) a security agreement (accounts receivable) on the Lender's form 925 signed by the Debtor constituting a first ranking security interest in all accounts receivable of the Debtor arising out of Export Contracts for which the Lender is providing financing under Facility #2;
 - (b) a security agreement (inventory) on the Lender's form 926 signed by the Debtor constituting a first ranking security interest in all inventory of the Debtor relating to or arising out of Export Contracts for which the Lender is providing financing under Facility #2;
4. The total amount of indebtedness secured by the security set forth above is:
- (a) in respect of the Credit Agreement and the BDC HASCAP Facility, the amount of CA\$6,758,710.52 and US\$9,767,883.15, inclusive of principal and interest and breakage costs up to and including January 8, 2024, but excluding legal fees and other amounts incurred or accruing pursuant to the Credit Agreement from and after the date of initial default.
5. The Lender will not have the right to enforce the security until after the expiry of the ten-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

[The remainder of this page is intentionally left blank. Signature page follows.]

Dated at Toronto this 12th day of January, 2024.

**ROYAL BANK OF CANADA., by its
solicitors,**

DENTONS CANADA LLP



Per: _____

Kenneth Kraft

ACKNOWLEDGEMENT AND CONSENT

TO: Royal Bank of Canada (the “**Lender**”)

AND TO: Dentons Canada LLP, lawyers for the Lender

RE: Indebtedness owing to Royal Bank of Canada (the “**Lender**”) pursuant to: (i) an Amended and Restated Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of March 21, 2023 (the “**Credit Agreement**”), between the Lender and SimEx Inc. (the “**Debtor**”); and (ii) a Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of July 20, 2021, between the Lender and the Debtor (the “**BDC HASCAP Facility**”).

The Debtor acknowledges its indebtedness to the Lender in the amount set out in its Notice of Intention to Enforce Security dated January 12, 2024 (the “**Indebtedness**”), and hereby irrevocably waives all requirements of notice of demand and time for payment of the Indebtedness, including pursuant to subsection 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (“**BIA**”).

The Debtor acknowledges that the Indebtedness is in the amount of CA\$6,758,710.52 and US\$9,767,883.15 as January 8, 2024, and acknowledges that interest and enforcement costs have accrued and continues to accrue on that amount calculated at the applicable rates. The Debtor hereby acknowledges its inability to make payment of the amount of the Indebtedness.

The Debtor hereby acknowledges that the Notice has been sent to and received by it and consents to the immediate enforcement of the security granted by the Debtor to the Lender. The Debtor hereby consents to the immediate appointment of a receiver over the current and future assets, undertakings and properties of the Debtor pursuant to subsections 47(1) and 243(1) of the BIA, subsection 101(1) of the *Courts of Justice Act*, RSO 1990, c 43, and subsection 60(1) of the *Personal Property Security Act*, RSO 1990, c P-10.

The Debtor further acknowledges and confirms that it has had the opportunity to seek the advice and recommendations of its professional advisors including legal counsel in connection with the execution of this Acknowledgement and Consent and in connection with the enforcement by the Lender of its security over the assets of the Debtor as described herein and is executing this Acknowledgement and Consent in favour of the Lender freely, voluntarily and without duress.

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

DATED: January ____, 2024.

SIMEX INC.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

January 12, 2024

File No.: 224006-138

Sent via Registered Mail and E-Mail

Iwerks Entertainment, Inc.
SimEx Santa's Late Inc.
Cinema 4D Inc.
6618391 Canada Inc.
SimEx-Iwerks Myrtle Beach, LLC
6618359 Canada Inc.

c/o Graham Phoenix
Loopstra Nixon LLP
130 Adelaide Street West, Suite 2800
Toronto ON M5H 3P5,
Canada

Attention: Graham Phoenix

Dear Sir/Madam:

Re: Indebtedness owing to Royal Bank of Canada (the "**Lender**") pursuant to: (i) an Amended and Restated Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of March 21, 2023 (the "**Credit Agreement**"), between the Lender and SimEx Inc. (the "**Debtor**"); and (ii) a Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of July 20, 2021, between the Lender and the Debtor (the "**BDC HASCAP Facility**").

Guarantees of the obligations of the Debtor to the Lender provided by Iwerks Entertainment, Inc., SimEx Santa's Late Inc., Cinema 4D Inc., 6618391 Canada Inc., SimEx-Iwerks Myrtle Beach, LLC and 6618359 Canada Inc. (collectively the "**Guarantors**").

We are counsel for the Lender in connection with the Credit Agreement and the BDC HASCAP Facility. Capitalized terms not otherwise defined hereunder have the meaning ascribed to such terms in the Credit Agreement and the BDC HASCAP Facility.

We refer to:

1. the Credit Agreement;
2. the BDC HASCAP Facility;
3. a guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the "**First New Iwerks Guarantee**") supported by a general security agreement constituting a first ranking security interest in all personal property of Iwerks Entertainment, Inc. (the "**New Iwerks GSA**");

4. a guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the “**Second New Iwerks Guarantee**”) supported by the New Iwerks GSA;
5. a guarantee and postponement of claim on the Lender’s form 812 in the amount of \$8,000,000 signed by SimEx Santa’s Late Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of SimEx Santa’s Late Inc.;
6. a guarantee and postponement of claim on the Lender’s form 812 in the amount of \$8,000,000 signed by Cinema 4D Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of Cinema 4D Inc.;
7. a guarantee and postponement of claim on the Lender’s form 812 in the amount of \$8,000,000 signed by 6618359 Canada Inc. supported by a general security agreement on the Lender’s form 924 constituting a first ranking security interest in all personal property of 6618359 Canada Inc.;
8. a guarantee and postponement of claim on the Lender’s form 812 in the amount of \$8,000,000 signed by 6618391 Canada Inc. supported by a general security agreement on the Lender’s form 924 constituting a first ranking security interest in all personal property of 6618391 Canada Inc.;
9. a guarantee and postponement of claim signed by Simex-Iwerks Myrtle Beach, LLC (the “**First Myrtle Beach Guarantee**”) supported by a general security agreement constituting a first ranking security in-terest in all personal property of Simex-Iwerks Myrtle Beach, LLC (the “**New Myrtle Beach GSA**”);
10. an EDC EGP Approval confirming EDC’s guarantee of 68.18% of the aggregate Borrowings outstanding under Facility #2;
11. a guarantee and postponement of claim in the amount of US\$12,000,000, signed by Iwerks Entertainment, Inc., (the “**Fourth New Iwerks Guarantee**”) supported by the New Iwerks A/R Security Agreement (being a security agreement (accounts receivable) constituting a first ranking security interest in all accounts receivable of Iwerks Entertainment, Inc. arising out of Export Contracts for which the Lender is providing financing under Facility # 2) and further supported by the New Iwerks Inventory Security Agreement (being a security agreement (inventory) constituting a first ranking security interest in all inventory of Iwerks Entertainment, Inc. relating to or arising out of Export Contracts for which the Lender is providing financing under Facility #2); and
12. a guarantee and postponement of claim in the amount of US\$12,000,000, signed by Simex-Iwerks Myrtle Beach, LLC (the “**Second Myrtle Beach Guarantee**”) supported by the Myrtle Beach A/R Security Agreement (being a security agreement (accounts receivable) constituting a first ranking security interest in all accounts receivable of Simex-Iwerks Myrtle Beach, LLC arising out of Export Contracts for which the Lender is providing financing under Facility # 2) and further supported by the Myrtle Beach Inventory Security Agreement (being a security agreement (inventory) constituting a first ranking security interest in all inventory of Simex-Iwerks Myrtle Beach, LLC relating to or arising out of Export Contracts for which the Lender is providing financing under Facility #2).

(collectively, the “**Loan and Security Documents**”).

Capitalized terms which are used but not otherwise defined in this letter have the meanings given to them in the Loan and Security Documents, as applicable.

As at January 8, 2024, the amount of CA\$6,758,710.52 and US\$9,767,883.15 is owing by the Debtor to the Lender pursuant to the Credit Agreement and BDC HASCAP Facility, which amount (i) includes principal and interest and breakage costs up to and including January 8, 2024, but excludes (ii) legal fees and other amounts incurred or accruing pursuant to the Credit Agreement and the BDC HASCAP Facility from and after the date of the initial default (collectively, the “**Outstanding Indebtedness**”).

Certain defaults under the Loan and Security Documents have occurred, which defaults are continuing and have not been cured, including but not limited to:

- certain defaults in the payment and performance of obligations, including but not limited to, the failure of the Debtor to pay any principal, interest or other amount when due pursuant to the Events of Default section in the Credit Agreement and the BDC HASCAP Facility; and
- pursuant to the Credit Agreement, the Borrower covenanted to ensure the EBITDA on a consolidated basis, for the quarter ending June 30, 2023, shall be greater than \$1,650,00 and for the quarter ending September 30, 2023, shall be greater than \$2,750,000. The actual EBITDA for the quarter ending June 30, 2023, was \$910,997, and for the quarter ending September 30, 2023, was \$1,116,750.

Under the Guarantees, the Guarantors agreed to repay to the Lender on demand all obligations of the Debtor to the Lender, plus the costs and expenses of the Lender in enforcing the Guarantees (including all legal costs on a solicitor and own client basis), and interest as set out in the Guarantees.

Accordingly, on behalf of the Lender, we hereby make formal demand on the Guarantors for payment of the Outstanding Indebtedness pursuant to the terms of the Credit Agreement and the BDC HASCAP Facility. Payment is required to be made immediately. Interest continues to accrue on the Outstanding Indebtedness in accordance with the terms of the Credit Agreement and the BDC HASCAP Facility as applicable.

If payment of the Outstanding Indebtedness is not received by January 22, 2024, the Lender shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing, including, without limitation, seeking to appoint an interim receiver, receiver or receiver and/or manager over the current and future assets, undertakings and properties (collectively, the “**Property**”) of the Guarantors, in which case the Lender will also be seeking all costs incurred in so doing.

In accordance with the terms of the GSAs, we enclose for service upon you a Notice of Intention to Enforce Security in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”). If you are prepared to (i) waive the ten-day notice period pursuant to section 244(2) of the BIA and (ii) consent to the appointment of a receiver over the Property, please endorse the Acknowledgment and Consent enclosed with the Notice of Intention to Enforce Security and return a copy to the undersigned.

Please note that the Lender reserves its rights to proceed against the Guarantors prior to the time stipulated above in the event that it determines that its position is further jeopardized.

Yours truly,

Dentons Canada LLP



Kenneth Kraft

Enclosures: (1) Notice of Intention to Enforce a Security
(2) Acknowledgment and Consent

Cc: *Client*

Notice of Intention to Enforce a Security

(Rule 124)

To: Iwerks Entertainment, Inc.
 SimEx Santa's Late Inc.
 Cinema 4D Inc.
 6618391 Canada Inc.
 SimEx-Iwerks Myrtle Beach, LLC
 6618359 Canada Inc.

Re: Indebtedness owing to Royal Bank of Canada (the "**Lender**") pursuant to: (i) an Amended and Restated Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of March 21, 2023 (the "**Credit Agreement**"), between the Lender and SimEx Inc. (the "**Debtor**"); and (ii) a Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of July 20, 2021, between the Lender and the Debtor (the "**BDC HASCAP Facility**").

Guarantees of the obligations of the Debtor to the Lender provided by Iwerks Entertainment, Inc., SimEx Santa's Late Inc., Cinema 4D Inc., 6618391 Canada Inc., SimEx-Iwerks Myrtle Beach, LLC and 6618359 Canada Inc. (collectively the "**Guarantors**").

Take notice that:

1. The Lender, a secured creditor, intends to enforce its security on the Guarantors' property, in respect of the Credit Agreement and the BDC HASCAP Facility, described below:
 - (a) all inventory of whatever kind and wherever situate;
 - (b) all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of what-soever nature or kind;
 - (c) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor ("Debts");
 - (d) all lists, records and files relating to the Debtor's customers, clients and patients;
 - (e) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (f) all contractual rights and insurance claims; and
 - (g) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registrations of any of the foregoing (collectively "Intellectual Property").

2. The security that is to be enforced for the borrowings and all other obligations of the Guarantors to the Lender, including, without limitation, any amounts outstanding under any leases, if applicable, under the Credit Agreement is the following:
 - (a) a guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the "**First New Iwerks Guarantee**") supported by a general security agreement constituting a first ranking security interest in all personal property of Iwerks Entertainment, Inc. (the "**New Iwerks GSA**");
 - (b) a guarantee and postponement of claim signed by Iwerks Entertainment, Inc. (the "**Second New Iwerks Guarantee**") supported by the New Iwerks GSA;
 - (c) a guarantee and postponement of claim on the Lender's form 812 in the amount of \$8,000,000 signed by SimEx Santa's Late Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of SimEx Santa's Late Inc.;
 - (d) a guarantee and postponement of claim on the Lender's form 812 in the amount of \$8,000,000 signed by Cinema 4D Inc., supported by a general security agreement constituting a first ranking security interest in all personal property of Cinema 4D Inc.;
 - (e) a guarantee and postponement of claim on the Lender's form 812 in the amount of \$8,000,000 signed by 6618359 Canada Inc. supported by a general security agreement on the Lender's form 924 constituting a first ranking security interest in all personal property of 6618359 Canada Inc.;
 - (f) a guarantee and postponement of claim on the Lender's form 812 in the amount of \$8,000,000 signed by 6618391 Canada Inc. supported by a general security agreement on the Lender's form 924 constituting a first ranking security interest in all personal property of 6618391 Canada Inc.;
 - (g) a guarantee and postponement of claim signed by Simex-Iwerks Myrtle Beach, LLC (the "**First Myrtle Beach Guarantee**") supported by a general security agreement constituting a first ranking security interest in all personal property of Simex-Iwerks Myrtle Beach, LLC (the "**New Myrtle Beach GSA**");
3. The security that is to be enforced for the borrowings under Facility #2 of the Credit Agreement is the following:
 - (a) an EDC EGP Approval confirming EDC's guarantee of 68.18% of the aggregate borrowings outstanding under Facility #2;
 - (b) a guarantee and postponement of claim in the amount of US\$12,000,000, signed by Iwerks Entertainment, Inc., (the "**Fourth New Iwerks Guarantee**") supported by the New Iwerks A/R Security Agreement (being a security agreement (accounts receivable) constituting a first ranking security interest in all accounts receivable of Iwerks Entertainment, Inc. arising out of Export Contracts for which the Lender is providing financing under Facility # 2) and further supported by the New Iwerks Inventory Security Agreement (being a security agreement (inventory) constituting a first ranking security interest in all inventory of Iwerks Entertainment, Inc. relating to or arising out of Export Contracts for which the Lender is providing financing under Facility #2); and
 - (c) a guarantee and postponement of claim in the amount of US\$12,000,000, signed by Simex-Iwerks Myrtle Beach, LLC (the "**Second Myrtle Beach Guarantee**") supported by the Myrtle Beach A/R Security Agreement (being a security agreement (accounts

receivable) constituting a first ranking security interest in all accounts receivable of Simex-Iwerks Myrtle Beach, LLC arising out of Export Contracts for which the Lender is providing financing under Facility # 2) and further supported by the Myrtle Beach Inventory Security Agreement (being a security agreement (inventory) constituting a first ranking security interest in all inventory of Simex-Iwerks Myrtle Beach, LLC relating to or arising out of Export Contracts for which the Lender is providing financing under Facility #2).

4. The total amount of indebtedness secured by the security set forth above is:
 - (a) in respect of the Credit Agreement and the BDC HASCAP Facility, the amount of \$6,758,710.52 and US\$9,767,883.15, inclusive of principal and interest and breakage costs up to and including January 8, 2023, but excluding legal fees and other amounts incurred or accruing pursuant to the Credit Agreement from and after the date of initial default.
5. The Lender will not have the right to enforce the security until after the expiry of the ten-day period after this notice is sent unless the Guarantors consent to an earlier enforcement.

[The remainder of this page is intentionally left blank. Signature page follows.]

Dated at Toronto this 12th day of January, 2024.

**ROYAL BANK OF CANADA., by its
solicitors,**

DENTONS CANADA LLP



Per: _____

Kenneth Kraft

ACKNOWLEDGEMENT AND CONSENT

TO: Royal Bank of Canada (the “**Lender**”)

AND TO: Dentons Canada LLP, lawyers for the Lender

RE: Indebtedness owing to Royal Bank of Canada (the “**Lender**”) pursuant to: (i) an Amended and Restated Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of March 21, 2023 (the “**Credit Agreement**”), between the Lender and SimEx Inc. (the “**Debtor**”); and (ii) a Credit Agreement (collectively with the Terms and Conditions Sheet and Schedules attached thereto), dated as of July 20, 2021, between the Lender and the Debtor (the “**BDC HASCAP Facility**”).

Guarantees of the obligations of the Debtor to the Lender provided by Iwerks Entertainment, Inc., SimEx Santa’s Late Inc., Cinema 4D Inc., 6618391 Canada Inc., SimEx-Iwerks Myrtle Beach, LLC and 6618359 Canada Inc. (collectively the “**Guarantors**”).

The Guarantors acknowledge their indebtedness to the Lender in the amount set out in its Notice of Intention to Enforce Security dated January 12, 2024 (the “**Indebtedness**”), and hereby irrevocably waive all requirements of notice of demand and time for payment of the Indebtedness, including pursuant to subsection 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (“**BIA**”).

The Guarantors acknowledge that the Indebtedness is in the amount of CA\$6,758,710.52 and US\$9,767,883.15 as January 8, 2024, and acknowledge that interest and enforcement costs have accrued and continue to accrue on that amount calculated at the applicable rates. The Guarantors hereby acknowledge their inability to make payment of the amount of the Indebtedness.

The Guarantors hereby acknowledge that the Notice has been sent to and received by them and consent to the immediate enforcement of the security granted by the Guarantors to the Lender. The Guarantors hereby consent to the immediate appointment of a receiver over the current and future assets, undertakings and properties of the Guarantors pursuant to subsections 47(1) and 243(1) of the BIA, subsection 101(1) of the *Courts of Justice Act*, RSO 1990, c 43, and subsection 60(1) of the *Personal Property Security Act*, RSO 1990, c P-10.

The Guarantors further acknowledge and confirm that they have had the opportunity to seek the advice and recommendations of their professional advisors including legal counsel in connection with the execution of this Acknowledgement and Consent and in connection with the enforcement by the Lender of their security over the assets of the Guarantors as described herein and are executing this Acknowledgement and Consent in favour of the Lender freely, voluntarily and without duress.

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

DATED: January ____, 2024.

IWERKS ENTERTAINMENT, INC.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

SIMEX SANTA'S LATE INC.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

CINEMA 4D INC.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

6618391 CANADA INC.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

6618359 CANADA INC.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

By: _____
Name: _____
Title: _____

I have authority to bind the corporation.

TAB M

This is Exhibit "M" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'R. King', written over a solid horizontal line.

A commissioner for taking affidavits.



June 15, 2018

SimEx Inc.
210 King Street East
Suite 600
Toronto, Ontario M5A 1J7

Attention of: Michael Needham, Chief Executive Officer

Re: Letter of Offer of financing no. 142586-01 granted to SimEx Inc.

Sir,

On the basis of the preliminary information obtained from the Borrower and subject to the acceptance of the present letter of offer of financing, as amended from time to time (the "Letter of Offer"), BDC Capital Inc. ("BDC Capital"), a wholly owned subsidiary of Business Development Bank of Canada (the "Bank") is prepared to grant the following financing (the "Financing"). This Letter of Offer supersedes and replaces the letter of offer of financing dated June 7, 2018.

FINANCING PURPOSE

Completion of 4D Theatre	\$3,300,000.00 USD
--------------------------	--------------------

\$3,300,000.00 USD

FUNDING

BDC Capital	\$2,500,000.00 USD
-------------	--------------------

Shareholder Loan/Investment	\$ 800,000.00 USD
-----------------------------	-------------------

\$3,300,000.00 USD

No change to the Financing purpose or funding may be made without BDC Capital's prior written consent. The proceeds of the Financing may only be used for this Financing purpose.

The Letter of Offer is open for acceptance until June 29, 2018 (the "Acceptance Date"). Unless the Letter of Offer executed by the Financing Parties is received by BDC Capital no later than the Acceptance Date, the Letter of Offer shall automatically become null and void.

BORROWER: SimEx Inc. (the "Borrower").

GUARANTORS: Iwerks Entertainment, Inc. and Simex-Iwerks Myrtle Beach, LLC, jointly and severally (collectively the "Corporate Guarantor")

(the Corporate Guarantor is also sometimes collectively referred to herein as the "Guarantor(s)").

FINANCING AMOUNT: \$2,500,000.00, in US currency.

INTEREST RATE: The Financing and all other amounts owed by the Financing Parties pursuant to the Financing Documents shall bear interest at the following rate:

Floating Rate

Unless the Financing is on a fixed interest rate plan determined in accordance with the provisions of this Letter of Offer, the Financing and all other amounts owing by the Borrower pursuant to the Financing Documents shall bear interest at BDC Capital's US Dollar Floating Base Rate plus a variance (the "Variance") of 7.50% per year. On the date hereof, BDC Capital's US Dollar Floating Base Rate is 6.60% per year.

Fixed rate option

At any time after final disbursement of the full amount of the Financing or concurrently thereto, the Borrower may request to convert the Financing to a fixed interest rate by selecting one of BDC Capital's US Dollar fixed interest rate plans. Prior to each Interest Expiration Date, BDC Capital will advise the Borrower of available US dollar fixed interest rate plans in accordance with the provisions hereof.

The fixed rate interest conversion and any renewal are subject to the following conditions:

1. no Default or Event of Default shall have occurred;
2. the term of the fixed interest rate plan, and any renewal thereof, shall be available in twelve (12) months multiples, without exceeding the Maturity Date, as defined hereafter; and

If the conditions above are fulfilled, BDC Capital will issue an amending letter to this Letter of Offer confirming the details of each available fixed interest rate plan, namely:

1. the date on which the fixed interest rate plan will commence (the "Interest Adjustment Date"); and
2. the term and the applicable US dollar fixed interest rate of each available plan.

The Borrower must confirm its selection of interest rate plan and acceptance in writing to BDC Capital within two (2) business days, failing which such offered interest rate(s) shall cease to be available and:

1. if the Financing is on a floating rate, the Financing will continue to bear interest at BDC Capital's US Dollar Floating Base Rate adjusted by the Variance; or
2. if the Financing is on a fixed rate, the Financing will automatically convert to BDC Capital's US Dollar Floating Base Rate adjusted by the Variance on the day following the Interest Expiration Date.

If the Borrower selects a fixed interest rate plan in accordance with the provisions hereof, commencing on the Interest Adjustment Date, the interest rate for the Financing shall be BDC Capital's US Dollar Fixed Interest Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance, which new rate shall be applicable until the next Interest Expiration Date.

Notwithstanding the foregoing, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, BDC Capital reserves the right to suspend the Borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

For the purposes hereof:

"BDC Capital's US Dollar Fixed Interest Rate" means the US dollars fixed interest rate offered by BDC Capital and accepted in writing by the Borrower for the determined fixed rate interest period.

"BDC Capital's US Dollar Floating Base Rate" means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Financing shall vary automatically without notice to the Borrower upon each change in BDC Capital's US Dollar Floating Base Rate. BDC Capital's US Dollar Floating Base Rate for the period from the date of the first advance on the Financing to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC Capital on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Interest Expiration Date" means the date on which a fixed interest rate plan expires.

**INTEREST
CALCULATION:**

Interest shall be calculated daily on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment.

Arrears of interest or interest on outstanding principal arrears shall bear interest at the rate applicable to the Financing. Interest on additional return and other amounts owing by the Financing Parties pursuant to the Financing Documents shall bear interest at the rate applicable to the Financing. In any event, interest on arrears shall be calculated daily and compounded monthly.

MATURITY DATE:

June 1, 2022 or the date on which the last principal payment hereunder is scheduled to be made, whichever ever date comes last, as amended from time to time (the "Maturity Date").

REPAYMENT:**Instalments and Balloon Payment**

Principal of the Financing shall be payable by way of consecutive monthly instalments commencing on July 1, 2020 and continuing up to and including the Maturity Date and by way of one balloon payment of \$1,480,000.00, payable on the Maturity Date. The amounts of the principal instalments are as follows:

Instalments Nos.	Amount of Instalment
1-12	\$30,000.00
13 - 23	\$60,000.00
24	\$1,480,000.00

Interest is payable monthly in arrears on the 1st day of the month (the "Payment Date") commencing on the next occurring Payment Date following the first advance on the Financing.

On the Maturity Date, all other amounts owing pursuant to the Financing Documents will become due and payable.

Excess Cash Flow Sweep (ECFS)

In addition to the scheduled payment as listed hereinabove, principal of the Financing shall also be reimbursed by way of mandatory annual payments representing 25% of the Excess Available Funds realized by the Borrower to a maximum amount of \$350,000.00 for each annual payment (the "Annual ECFS Limit"), payable on December 15th of each year, commencing in December 2019 (the "ECFS Date").

If such a payment causes the Borrower to fail to comply with debt covenants and financial requirements required by the Borrower's operating or term lender, it shall be paid only up to an amount that does not put the Borrower in default with debt covenants and financial requirements required by the Borrower's operating or term lender.

The above calculation will be made on a yearly basis based on the consolidated audited financial statements of the Borrower. If the consolidated audited financial statements are not delivered to BDC Capital within 120-days of the Borrower's fiscal year-end, a payment of \$350,000.00 will be payable, if required by BDC Capital in its sole discretion, to BDC Capital at any time after the 120-day period, again at BDC Capital's sole discretion, without notice or additional delay. In such event, no subsequent readjustment to such payment shall be permitted.

PREPAYMENT:

The Borrower may prepay at any time all or part of the outstanding principal provided that the Borrower pays to BDC Capital:

- (i) the full or partial amount of the Financing, as applicable,
- (ii) all interest, any Fixed Component of the Additional Return and any other fees then due, as applicable,
- (iii) the Prepayment Bonus, and
- (iv) any losses resulting in changes in currency and/or interest rates and any expense or penalty incurred by BDC Capital in order to terminate any derivative or hedging transaction or other treasury instrument concluded by BDC Capital in relation with the Financing. Such amount shall be determined

unilaterally by BDC Capital and communicated to the Borrower and shall be binding upon the Borrower.

Prepayments may be made only on the first business day of the month.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

The occurrence of any event of default listed in Schedule A – SECTION VI resulting in BDC Capital demanding payment of the Financing prior to the Maturity Date will be deemed to be a prepayment, and the Borrower will pay to BDC Capital:

- (v) the outstanding balance of the Financing,
- (vi) all interest, any Fixed Component of the Additional Return and any other fees then due, as applicable,
- (vii) the Prepayment Bonus, and
- (viii) any losses resulting in changes in currency and/or interest rates and any expense or penalty incurred by BDC Capital in order to terminate any derivative or hedging transaction or other treasury instrument concluded by BDC Capital in relation with the Financing. Such amount shall be determined unilaterally by BDC Capital and communicated to the Borrower and shall be binding upon the Borrower.

Notwithstanding any prepayment or deemed prepayment of the Financing, each Variable Component of the Additional Return, as defined hereafter, survives and remains payable, as if the Financing had not been prepaid or deemed prepaid. All obligations related to such Variable Components of the Additional Return as well as any security granted in connection therewith shall remain in full force and effect until all such obligations are fully satisfied.

ADDITIONAL RETURN: FIXED COMPONENT OF THE ADDITIONAL RETURN
None.

VARIABLE COMPONENT OF THE ADDITIONAL RETURN

The Borrower expressly recognizes that the following Variable Components of the Additional Return (each a “Variable Component of the Additional Return”) and the Borrower’s obligations to pay any such Variable Component of the Additional Return will survive and remain fully enforceable until the Maturity Date, notwithstanding any repayment, prepayment or deemed prepayment prior to the Maturity Date.

The Borrower expressly understands that it is the intent of BDC Capital that these Variable Components of the Additional Return survive until the Maturity Date, that they are part of the expected return of the Financing to appropriately compensate BDC Capital for the value creation and risk taken by BDC Capital in completing the Financing.

Bonus on Sale

In addition to the other payments herein set forth, in the event of, whether by one

transaction or a series of transactions (including a transaction or a series of transactions with an Affiliate (as such term is defined in the *Canada Business Corporation Act*):

- i) the sale, transfer, conveyance or license of a substantial part (50% or more of the value) of the assets of the Borrower to a third party dealing at arm's length;
- ii) the sale, transfer or conveyance (including any share exchange) of 50% or more of the issued and outstanding shares from the share capital of the Borrower or of the Corporate Guarantor to a third party dealing at arm's length;
- iii) a Change of Control of the Borrower or of the Corporate Guarantor (excluding further to an amalgamation);
- iv) the amalgamation of the Borrower with a third party dealing at arm's length; or
- v) the Borrower directly or indirectly becoming listed on a stock exchange;

(each a "Bonus on Sale Event")

the Borrower will pay to BDC Capital, no later than 30 days following a Bonus on Sale Event, an additional compensation premium in the form of a bonus (the "Bonus on Sale").

The Bonus on Sale will be calculated as follows:

- in the event of i) above: the Bonus on Sale will represent 1.0% of the gross purchase price to be paid to the Borrower or of the Corporate Guarantor, their shareholders or any of their Affiliates, as applicable, as total consideration for completing the acquisition, as such amount is determined in the final agreements executed at closing of the Bonus on Sale Event and to be provided to BDC Capital (the "Gross Purchase Price" or "GPP"). For greater certainty, it is intended that the Gross Purchase Price will include, without limitation, all consideration received or to be received at any time in relation with such transactions, including cash, shares, payments in kind, pre-transaction dividends, earn outs, management bonuses or other forms of compensation, assumed debt, and other forms of consideration, payable to any of the Borrower or the Corporate Guarantor, their shareholders or any of their Affiliates.
- in the event of ii) and iii) above: the Bonus on Sale will represent 1.0% of the adjusted Gross Purchase Price, which will be calculated according to the following formula (the "Adjusted GPP"):

$$\text{Adjusted GPP} = \text{GPP} \times \left[\frac{100}{(Y\% \times 100)} \right]$$

Where: Y% is the percentage of the issued and outstanding shares sold, transferred or conveyed

- in the event of iv) above: the Bonus on Sale will represent 1.0% of the value attributed by the amalgamating parties to the issued and outstanding shares of the Borrower and/or of the Corporate Guarantor in connection with the amalgamation;

- In the event of v) above, the Bonus on Sale will represent 1.0% of the initial market capitalization of the listed entity.

Notwithstanding the above, the maximum Bonus on Sale shall not exceed \$300,000.00.

SECURITY:

As collateral security for the fulfilment of all present and future obligations of the Borrower and the Corporate Guarantor, each of the Financing Parties, as applicable, shall provide BDC Capital with the following security or guarantees (collectively the "Security"), namely:

- a) a General Security Agreement, granting a general and continuing security interest in all of the Borrower's and Corporate Guarantor's present and after acquired personal property and, without limiting the foregoing, on all present and future assets of the Borrower and Corporate Guarantor related to intellectual property of the Borrower and Corporate Guarantor including, without limitation, patents, trademarks, domain names, source codes, licences and any other forms of intellectual property including those already known (the "Intellectual Property"). This security interest shall be subordinate in rank to security granted: i) on claims, receivables, Intellectual Property and inventory in favour of the financial institution financing the Borrower's and the Corporate Guarantor's line of credit for its daily operations, ii) previously to financial institutions but except Intellectual Property, and iii) on specific assets in connection with the financing of equipment needed by the Borrower and the Corporate Guarantor in the normal course of its business;
- b) a duly executed guarantee for 100% of the amount due pursuant to the Financing Documents on the date BDC Capital demands payment under this guarantee from the Corporate Guarantor, in a form substantially similar to the draft guarantee annexed hereto as Schedule B;
- c) Assignment to BDC Capital of a Life insurance policy owned by the Borrower on the life of Michael Needham in the coverage amount of \$2,000,000.00 CAD with all beneficiaries assigning their interest in the Life Insurance policy to BDC Capital. Such assignment may be delivered to BDC Capital no later than 60 days following the disbursement of the Financing;
- d) a duly executed postponement and subordination agreement in favour of BDC Capital with respect to any amount of capital and interest payments from received loans or issued notes owed by the Borrower or the Corporate Guarantor to any of its shareholders or any other parties;
- e) a duly executed assignment, postponement and subordination agreement in favour of BDC Capital by the holders of any preferred shares or redeemable shares of the Borrower or the Corporate Guarantor for shares issued or to be issued. Interest may be accrued provided it is not paid while any amount is owing to BDC Capital;
- f) Under terms and conditions satisfactory to BDC Capital, BDC Capital will agree to

execute a Standstill Agreement with the senior lender extending operating credit for the Borrower insofar as this agreement provides that BDC Capital shall defer its capital repayments and agree to stay all proceedings engaged in view of realizing upon its security for a period of 120 days of receipt of a notice of default;

- g) such other documents as BDC Capital may reasonably request in order to register and/or to perfect the Security to be granted to BDC Capital as provided hereunder.

All security documents shall be in form and substance satisfactory to BDC Capital and prepared by BDC Capital's legal counsel.

**CONDITIONS
PRECEDENT TO
DISBURSEMENT:**

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the entire satisfaction of BDC Capital:

Receipt by BDC Capital of:

- The Security in form and substance satisfactory to BDC Capital, registered as required to perfect and maintain the validity and rank of the Security, and such certificates, authorizations, resolutions and legal opinions as BDC Capital may reasonably require, including legal opinions on the existence and corporate capacity of the Financing Parties as well as on the validity and enforceability of the Security;
- Written evidence, including evidence of payment, attesting that the Financing Parties have obtained all the other sources of financing, as applicable, on terms acceptable to BDC Capital, acting reasonably;
- Financial and other information relating to each Financing Party and their businesses as BDC Capital may reasonably require, including, without limiting the foregoing, for any disbursement occurring more than sixty (60) days after year end, the Borrower will provide BDC Capital with audited annual consolidated financial statements and the latest compliance certificate provided to the senior lender;
- A duly executed copy of the memorandum of understanding, with respect to the methods used for establishing the EBITDA and the Excess Available Funds.

Completion to the satisfaction of BDC Capital of the following events:

- Legal due diligence of the Financing Parties.

Furthermore, without limiting the foregoing:

All the representations and warranties made by the Borrower or the Corporate Guarantor and its representatives shall be true and exact as at the date of any disbursement of the Financing and a certificate to that effect must be signed by the Borrower and the Corporate Guarantor and its representatives prior to any such disbursement.

The Borrower and the Corporate Guarantor shall have transferred in favour of BDC Capital all the rights which the Borrower and the Corporate Guarantor holds in any all-risk insurance, including fire insurance, policies affecting its assets, BDC Capital being designated by the Borrower and the Corporate Guarantor as loss payee on such policies for the full amount of the Financing.

The Financing Parties shall not be (i) in default pursuant to the terms of any other contract, agreement or obligation entered into or executed in favour of BDC Capital nor (ii) in default under any other agreement with any third party for the granting of a loan or other financial assistance.

Funds will be disbursed in two tranches, the first tranche in the amount of \$2,000,000.00 and the second tranche in the amount of \$500,000.00. In addition to the above conditions being fulfilled, for the disbursement of the first tranche, the following conditions shall be fulfilled to the satisfaction of BDC Capital:

PRIOR TO THE FIRST DISBURSEMENT OF \$2,000,000:

No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower and the Corporate Guarantor shall provide updated in-house financial statements, in addition to the latest compliance certificate provided to the senior lender, never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower or the Corporate Guarantor since the last consolidated audited financial statements submitted to BDC Capital and the internal financial statements submitted to BDC Capital at the time of authorization.

PRIOR TO THE FIRST DISBURSEMENT OF \$2,000,000:

Satisfactory confirmation of source and availability of the \$800,000.00 shareholder investment. In addition, BDC Capital is to be provided with a signed declaration from the Borrower that supports one year salary reductions of at least \$400,000.00 including a list of all individuals participating in the salary reduction, to be acceptable to BDC Capital.

In addition to the above conditions being fulfilled, for the disbursement of the second tranche, the following conditions shall be fulfilled to the satisfaction of BDC Capital:

PRIOR TO THE SECOND DISBURSEMENT OF \$500,000:

No Material Adverse Change in the financial situation of the Financing Parties or in the risk evaluation shall have occurred as at the date of any disbursement of the Financing and the Borrower and the Corporate Guarantor shall provide updated consolidated in-house financial statements, in addition to the latest compliance certificate provided to the senior lender, never older than 60 days which compare favourably with budgets provided and which show no Material Adverse Change in the financial situation of the Borrower or the Corporate Guarantor since the last consolidated audited financial statements submitted to BDC Capital and the internal financial statements submitted to BDC Capital at the time of authorization.

PRIOR TO THE SECOND DISBURSEMENT OF \$500,000:

Satisfactory confirmation from the senior lender that any additional BDC Capital

disbursement would be in compliance with senior lender covenants.

PRIOR TO THE SECOND DISBURSEMENT OF \$500,000:

Confirmation of the source and availability of additional shareholder loans of at least \$500,000.00 on terms and conditions acceptable to BDC Capital including meeting all required BDC Capital Know Your Client and other applicable due diligence requirements. For clarity, this \$500,000.00 shall be in addition to the \$800,000.00 required for the first disbursement.

PRIOR TO THE SECOND DISBURSEMENT OF \$500,000:

Receipt of an updated budget and cash flow forecast through June 30, 2020 on a consolidated quarterly basis acceptable to BDC Capital.

**UNDERLYING
CONDITIONS:**

So long as any amount owing pursuant to the Financing Documents remains unpaid, the following conditions shall be met:

- a) Requested documents:
 - (i) the Borrower shall remit to BDC Capital its annual consolidated audited financial statements, within 120 days after the end of their respective financial year jointly with the auditor's opinion on the EBITDA and the Excess Available Funds calculations;
 - (ii) The Borrower shall remit to BDC Capital its internal consolidated financial statements, on a quarterly basis, within 45 days after the end of each quarter;
 - (iii) The quarterly internal financial statements remitted to BDC Capital shall have a comparative section with the results of the corresponding period of the last financial year;
 - (iv) The Borrower shall remit to BDC Capital, along with its quarterly internal consolidated financial statements, the compliance certificate provided to the senior lender on a quarterly basis, within 45 days following the end of the respective quarter;
 - (v) Simex-Iwerks Myrtle Beach, LLC shall remit to BDC Capital its internal financial statements, on a monthly basis, within 45 days after the end of each month;
 - (vi) Each of the Borrower and the Corporate Guarantor shall remit further to any change in the enterprise or on demand to BDC Capital (i) a corporate ownership chart, (ii) an organizational chart and (iii) an updated list of employees reporting to the President and CEO;
 - (vii) Each of the Borrower and the Corporate Guarantor shall remit annually to BDC Capital a listing of all aged accounts payable and accounts receivable with a copy of the approved annual budget;
- b) Each of the Financing Parties must provide BDC Capital, as quickly as possible, with the financial statements and reports and any other financial information that BDC Capital may reasonably require from time to time;
- c) The shareholders of the Borrower agree to contribute a maximum of \$500,000.00 in additional shareholder investment at BDC Capital's request. Such

request would only be made at least six months from the disbursement of the Financing. BDC Capital would also consider, instead of additional shareholder investment, a revised plan of action to mitigate any potential financing and/or working capital deficit provided the plan is acceptable to BDC Capital;

- d) In the event that any of 6618359 Canada Inc., 6618391 Canada Inc., Simex Santa's Late Inc., and/or Cinema 4D Inc. become active or otherwise part of the consolidated financial statements of the Borrower BDC Capital shall request, and the Borrower shall provide, corporate guarantees and general security agreements on similar terms to those provided to BDC Capital by the Corporate Guarantor;
- e) The Borrower shall provide BDC Capital with a quarterly signed declaration from the Borrower and/or the Corporate Guarantor confirming all salary reduction amounts for the quarter and on a cumulative basis, which should total, on an annualized basis, \$400,000.00.

100 days post close – The Borrower agrees to have BDC Capital and BDC Advisory Services meet with management and conduct a post-close update. The intent is to validate if the growth is on plan, identify any challenges and see if BDC Capital can provide any additional support.

In addition, so long as any amount owing under or pursuant to this Letter of Offer or any other Financing Document remains unpaid, the financial ratios mentioned below must be met at all time by the Borrower and the Corporate Guarantor, on a consolidated basis:

- a) Debt Service Coverage, calculated on a rolling 4 quarters basis for the fiscal quarter then ended and the immediately preceding 3 fiscal quarters, is not less than 1.05:1 as at the quarter ended September 30, 2018, and is not less than 1.00:1 as at the fiscal quarter ended December 31, 2018 to and including the fiscal quarter ended March 30, 2019, and is not less than 1.15:1 as at the fiscal quarter ended June 30, 2019 and thereafter;
- b) Funded Debt to EBITDA, calculated on a rolling 4 quarters basis for the fiscal quarter then ended and the immediately preceding 3 fiscal quarters, is not greater than 3.50:1 as at the fiscal quarter ended June 30, 2018, and is not greater than 3.00:1 for the fiscal quarter ended September 30, 2018 and thereafter.

For the purposes hereof:

"Debt Service Coverage" means, for any fiscal period, the ratio of EBITDA (less cash income taxes and, to the extent not deducted in determining net income, less Corporate Distributions), to the total of interest expense, and scheduled principal payments in respect of Funded Debt.

"Corporate Distributions" means any payments to any shareholder, director, or officer of the Borrower or the Corporate Guarantor, including, but without limitation dividends,

interest, salaries, or repayment of debt or making of loans but excluding salaries to officers or other employees in the normal course of business.

"Funded Debt" means, at any time for the fiscal period then ended, all obligations for borrowed money which bears interest or to which interest is imputed plus, without duplication, all obligations for the deferred payment of the purchase of property, all capital lease obligations and all indebtedness secured by purchase money security interests, but excluding postponed debt to BDC Capital.

The above mentioned ratios shall be calculated quarterly on the basis of the consolidated financial statements of the Borrower. For further clarity, BDC Capital intends to calculate the ratios on the same terms as Royal Bank of Canada (while it is the senior lender).

All references to dollar amounts in the Letter of Offer, in any Schedule to the Letter of Offer, in any amendment to the Letter of Offer, or in any security document shall be considered as US dollars, except where such document specifically expresses the funds as Canadian dollars and except for any hypothec governed by Quebec law, which shall be in Canadian dollars.

If, for the purposes of enforcing the Security, obtaining or enforcing a judgment in any court or for any other purpose hereunder, it is necessary to convert any amount from the currency in which it is denominated into another currency, the rate of exchange applied shall be the rate of exchange quoted by the Bank of Canada on the business day preceding the day on which any determination of such rate is to be made, as the daily average exchange rate for conversions of the original currency into the second currency.

This US dollar loan cannot be converted into a Canadian dollar loan.

Payments are made through pre-authorized payments as we do not allow payment by cheque. Note that the amounts indicated on your billing notice are in US dollars even if it is not clearly marked as such.

DISBURSEMENT:

Unless otherwise authorized and except for refinancing of BDC Capital loans, funds will be disbursed to BDC Capital's legal counsel who will confirm to BDC Capital the execution, delivery and registration of the security. The latter may, if they have provided their final invoicing concurrently with the above confirmation, pay it from the disbursed funds. Any subsequent fees or disbursement shall be collected directly from the Borrower.

BDC Capital may cancel any portion of the Financing which has not been disbursed after six months from June 5, 2018 (the "Authorization Date").

FEES:

Cancellation Fee

Unless the Financing has been disbursed by June 5, 2019 (the "Lapsing Date"), the Borrower and the Corporate Guarantor shall pay BDC Capital a cancellation fee of \$75,000.00, provided, however, that BDC Capital shall have the right to extend the Lapsing Date in its sole and entire discretion without notice to or consent from the Borrower or the Corporate Guarantor.

In case of partial disbursement not already provided for in this Letter of Offer, any part of the Financing that has not been disbursed by the Lapsing Date will be cancelled. If more than 50% of the Financing is cancelled, the Borrower and the Corporate Guarantor shall pay a prorated part of the above stated cancellation fee proportionate to the percentage of the Financing cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC Capital's damages should the Financing be cancelled or allowed to lapse in whole or in part.

Standby Fee

Commencing 12 months after the Authorization Date, the Borrower and the Corporate Guarantor shall pay BDC Capital a non-refundable standby fee calculated at a rate of 3.0% per annum on the portion of the Financing which has not been advanced. This fee shall be calculated daily and be payable in arrears commencing on the next occurring Payment Date and on each Payment Date thereafter.

Financing Management Fee

The Borrower and the Corporate Guarantor shall pay BDC Capital a non-refundable management fee of \$200.00 per month. This management fee is payable on the date of the first Payment Date following the advance of the Financing and thereafter on each monthly Payment Date until the Maturity Date.

Legal Fees and Expenses

The Borrower and the Corporate Guarantor shall pay all legal fees and expenses of BDC Capital incurred in connection with the Financing and the Financing Documents including the enforcement of the Financing and the Financing Documents. All legal fees and expenses of BDC Capital in connection with any amendment or waiver related to the foregoing shall also be for the account of the Borrower and the Corporate Guarantor.

The Borrower's and the Corporate Guarantor's obligation to indemnify BDC Capital under this Section continues before and after default and notwithstanding repayment of the Financing or discharge of any part or all of the Security.

**REPRESENTATIONS
AND WARRANTIES:**

The Borrower and each of the Corporate Guarantor makes the representations and warranties in Schedule A – Section III. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Financing Parties pursuant to the Financing Documents.

COVENANTS:

So long as any amount owing pursuant to the Financing Documents remains unpaid, the Borrower and the Corporate Guarantor shall perform the covenants set forth in Schedule "A" – Section IV.

Without limiting the above, the Borrower and the Corporate Guarantor will notify BDC Capital of its intent to use IFRS and acknowledges, by undertaking to sign the resulting amended forms or contracts, that there may be modifications required to the calculation of EBITDA, Excess Available Funds, required ratios and to other pertinent calculations to

ensure the spirit of the underlying conditions is maintained.


- EVENTS OF DEFAULT:** The occurrence of any of the events listed in Schedule A – SECTION VI constitutes an event of default under the Letter of Offer. If a default occurs, any obligation of BDC Capital to make any advance, shall, at BDC Capital's option, terminate and BDC Capital may, at its option, demand immediate payment of the Financing and enforce any security, the whole without any prejudice to the covenants of the Financing Parties to pay the Bonus on Sale, or the Prepayment Bonus, as applicable, if a portion of the Financing has been disbursed before the occurrence of the default justifying the application of this paragraph.
- CONFLICTS:** The Financing Documents constitute the entire agreement between BDC Capital and the Financing Parties. To the extent that any provision of the Financing Documents is inconsistent with or in conflict with the provisions of the Letter of Offer, the provisions of the Letter of Offer shall govern.
- INDEMNITY:** The Borrower and the Corporate Guarantor shall indemnify and hold BDC Capital harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC Capital by reason of or relating directly or indirectly to the Financing Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC Capital.
- Without limiting the foregoing, the Borrower shall indemnify and hold BDC Capital harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC Capital by reason of any repayment of the Financing on a date other than a scheduled repayment date when the interest on the Financing is a fixed rate.
- SCHEDULES:** All Schedules have been inserted after the signature page and form an integral part of the Letter of Offer.
- DEFINITIONS:** In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" - Section I or Section II or are defined elsewhere in the text of the Letter of Offer.
- GOVERNING LAW:** The Letter of Offer shall be governed by and construed in accordance with the laws of the province of Ontario and the laws of Canada applicable therein. Any claim or suit for any reason whatsoever under this Letter of Offer shall be brought in the city of Toronto, province of Ontario, Canada, at the exclusion of any other judicial district which may have jurisdiction over such dispute as prescribed by law.
- SUCCESSORS AND ASSIGNS:** The Letter of Offer shall be binding on and enure to the benefit of each Financing Party and BDC Capital and their respective successors and assigns. No Financing Party shall have the right to assign, in whole or in part, its rights and obligations under or pursuant to the Financing Documents without BDC Capital's prior written consent.
- ACCEPTANCE** The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC Capital and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

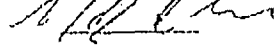
LANGUAGE CLAUSE: The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté (QUEBEC ONLY) expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with Kyie Feucht at (416) 849 2406.

This. day of June, 2018.

BDC CAPITAL INC.

By:  Angelo Zeni
Managing Director
Growth & Transition Capital

By: 
Martin Dudañec
Director Growth & Transition Capital

CONSENT AND ACCEPTANCE

Each Financing Party hereby accepts the foregoing terms and conditions set forth above and in all attached Schedules.

Signed this 18th day of June 2018.

SIMEX INC.

By: MJ Needham MICHAEL NEEDHAM, PRESIDENT

By: Mil G MILAN GHOSH, VP FINANCE

IWERKS ENTERTAINMENT, INC.

By: MJ Needham MICHAEL NEEDHAM, PRESIDENT

By: Mil G MILAN GHOSH, VP FINANCE

SIMEX-IWERKS MYRTLE BEACH, LLC

By: MJ Needham MICHAEL NEEDHAM, PRESIDENT

By: Mil G MILAN GHOSH, VP FINANCE

SCHEDULE A

SECTION I DEFINITIONS

"Annual Gross Sales" means comprehensively (during a given financial year) the total amount of the actual selling price of the totality of the goods sold and the services rendered by a business carried on by all the companies whose annual gross sales are used for the purposes of this calculation (the "seller") regardless of the place where the goods and services are sold, notably the following amounts:

- (i) the amounts received by the seller in consideration of the sale of goods, articles and merchandise;
- (ii) the amounts received by the seller in consideration of services rendered;
- (iii) the amounts received by the seller in consideration of the sale or leasing of any property (including intellectual property) of the seller or other persons or the granting of a licence in respect of any such property;
- (iv) all the amounts received and receivable, whatever they may be; and
- (v) all the proceeds, if applicable, from insurance against operating losses and the insurance proceeds received in respect of any business of the seller

in each case, regardless of whether these sales or these amounts received are certified by a cheque, cash, a credit, a charge account, instruments or otherwise, without any deduction permitted for bank charges, bad debt accounts, remuneration of a collection agency or bad debts, but does not include:

- (i) the amount of retail sales taxes or goods and services taxes imposed by any governmental authority directly on sales and collected from customers at the point of sale by the seller acting as a representative of such authority, provided that the amount of these taxes is added to the selling price, that it is not part of the indicated price of the article or the service and that it is actually paid by the seller to such authority;
- (ii) the refunds granted in consideration of merchandise sold to the seller, to the extent that the selling price of such merchandise has previously been included in the annual gross sales; and
- (iii) any refund on merchandise obtained from suppliers and manufacturers.

"Available Funds" – has the meaning set forth in Schedule C hereof.

"Available Funds Coverage Ratio" – is calculated by dividing the Available Funds by the current portion of the long-term debt.

"Change of Control" – means the effective sale or transfer of or change in the Control of any Person or any written or verbal agreement pursuant to which the Control of a Person

is transferred from one Person to another, or the engagement to do any of the above.

"Control" – means holding directly or indirectly more than fifty percent (50%) of the voting shares of a Person.

"Corresponding Fixed Interest Rate Plan" means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC Capital to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the earlier of (i) the next scheduled Interest Adjustment Date, or (ii) the Maturity Date.

"EBITDA" – has the meaning set forth in Schedule C hereof.

"Excess Available Funds" has the meaning set forth in Schedule C hereof.

"Financing" – shall have the meaning indicated in the preamble, or, as the context may require, at any time the unpaid principal balance of the Financing.

"Financing Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Financing Party" – means either the Borrower or any of the Guarantors and "Financing Parties" means collectively each of the Borrower or Guarantors.

"Fixed Component of the Additional Return" – means and shall refer to any additional return component described and contained in the Fixed Component of the Additional Return sub-section of the present Letter of Offer.

"IFRS" – means the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Accounting Standards Board as Canadian GAAP for publicly accountable enterprises and the ones which opt to adopt such standards.

"Interest Adjustment Date" – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Expiration Date" – means the date on which a fixed interest rate plan expires.

"Material Adverse Change" – means (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of any Financing Party, (ii) a material impairment of the ability of any Financing Party to perform any of its

obligations under any Financing Document, or (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC Capital or upon the legality, validity, binding effect, rank or enforceability of any Financing Document.

"Person" – Includes any individual, natural person, sole proprietorship, partnership, limited partnership, unincorporated association, syndicate or organization, any trust, body corporate, government agency, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative and any other form of organization or entity whatsoever.

"ASPE" means the accounting standards for private enterprises, Part II CPA Canada Handbook.

"Tangible Equity" – means the sum of the amount of the Financing; plus the share capital (except for preferred shares that are included in long-term debt, except if they are subordinated); plus retained earnings; plus subordinated loans or advances from the shareholders in favor of BDC Capital; minus loans or advances to the shareholders, directors, related or non-related businesses other than in the normal course of business; minus non-business assets.

"Term Debt" – means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement that would set out precise amounts and dates, if any.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Variable Component of the Additional Return" – as the meaning ascribed to it in the Variable Component of the Additional Return sub-section of the Letter of Offer.

"Working Capital" – means the total current assets minus the total current liabilities (within the meaning ascribed to them by ASPE [IFRS], applied consistently) less future income tax receivables and less the account receivables due from related parties or outside the ordinary course of business and plus the current portion of the long-term debt due over the next twelve (12) months.

"Working Capital Ratio" – is calculated by dividing total current assets ((within the meaning ascribed to them by ASPE [IFRS], applied consistently) less future income tax receivable, less account receivable due from related parties or outside the ordinary course of business by the total current liabilities excluding the current portion of the long-term debt due over the next twelve (12) months.

SECTION II PREPAYMENT DEFINITIONS

"Prepayment Indemnity" – means the sum of the Present Values calculated for each Payment Date from the date of prepayment until the Maturity Date of the Financing.

"Interest Differential Charge" – means the sum of the Present Values calculated for each Payment Date from the date of prepayment until the Maturity Date of the difference between BDC Capital's Base Rate on this Financing and BDC Capital's Base Rate for the Corresponding Fixed Interest Rate Plan, which is applicable only if BDC Capital's Base Rate on this Financing is greater than BDC Capital's Base Rate at the time of a prepayment.

"Prepayment Bonus" – means the sum of the Interest Differential Charge and the Prepayment Indemnity.

"Present Values" – for the purpose of determining the Interest Differential Charge and the Prepayment Indemnity will be computed at a discount rate ("DR") equal to (i) BDC Capital's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate in the case of a Financing subject to a fixed interest rate, or (ii) BDC Capital Floating Base Rate as the discount rate in the case of a Financing subject to a floating interest rate and the manner of such computation will be according to the following formula:

CF

$$\frac{CF}{\{1 + (DR / 12)\}^t}$$

Where:

- ▶ "CF" is the sum of: (i) the Variance (if positive) multiplied by the principal prepayment amount, (ii) the difference between BDC Capital's Base Rate on this Financing and BDC Capital's Base Rate for the Corresponding Fixed Interest Rate Plan (if positive and if the Financing is subject to Fixed Interest Rate Plan) multiplied by the principal prepayment amount, (iii) the financing management fees and (iv) if applicable, any Fixed Component of the Additional Return which would otherwise have been outstanding at the Payment Date until the Maturity Date;
- ▶ "DR" is the applicable discount rate; and
- ▶ "t" is the number of monthly periods between the prepayment date and the Maturity Date.

SECTION III REPRESENTATIONS AND WARRANTIES

The Borrower and each of the Corporate Guarantor hereby represents and warrants to BDC Capital that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.

2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Financing Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. It is not in default under the Letter of Offer or any other Financing Document.
6. All information provided by it to BDC Capital is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC Capital fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with ASPE [IFRS].
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. In respect of properties and assets charged pursuant to the Financing Documents, it has good and marketable title, free and clear of any encumbrances, except for what has been disclosed herein or has been accepted in writing by BDC Capital.
9. It is the rightful owner of all its intellectual property with all right, title and interest in and to all of its intellectual property.

The foregoing representations and warranties shall remain in full force and true until the Financing is repaid in full.

SECTION IV COVENANTS

The Borrower and each of the Corporate Guarantor shall:

1. Perform its obligations and covenants under the Financing Documents.

2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC Capital immediately of the occurrence of any default under the Letter of Offer or any other Financing Documents.
4. Comply with all applicable laws and regulations.
5. Keep all its assets insured for physical damages and losses on an "All-Risks" basis for their full replacement value and cause all such insurance policies to name BDC Capital as loss payee as its interests may appear. The policies shall also name BDC Capital as mortgagee and include a standard mortgage clause in respect of buildings over which BDC Capital holds security and, as further security, assign or hypothecate all insurance proceeds to BDC Capital; and

if requested by BDC Capital, maintain adequate general liability insurance and environmental insurance or any other type of insurance it may reasonably require to protect it against any losses or claims arising from pollution or contamination incidents and to provide certified copies of such policies.

6. Notify BDC Capital immediately of any loss or damage to its property.
7. Without limiting the generality of paragraph 4 above, in relation to its business operations and the assets and projects of its business, operate in conformity with all environmental laws and regulations; make certain that its assets are and will remain free of environmental damage; inform BDC Capital immediately upon becoming aware of any environmental issue and promptly provide BDC Capital with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC Capital to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC Capital is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC Capital with proof of payments as BDC Capital may request from time to time.
9. Promptly furnish to BDC Capital such information, reports, certificates and other documents concerning any Financing Party as BDC Capital may reasonably request from time to time.

10. Not engage in, or permit its premises to be used by a tenant or other person, for any activity which BDC Capital, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

- a) businesses that are sexually exploitive or that are inconsistent with generally accepted community standard of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
- b) businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations;
- c) businesses that promote nudism and naturism.

BDC Capital's finding that there is an ineligible activity will be final and binding between the parties and shall not be subject to review. The prohibition set out in this paragraph 10 shall also apply to any entity that Controls, is Controlled by, or that is under the common control with, any Financing Party.

11. In the event that one or several related corporations are incorporated or acquired, including all new subsidiaries and sister companies of the Borrower, these new entities shall ratify and become a party to this Letter of Offer as co-borrower or guarantor at the sole discretion of BDC Capital. BDC Capital may require that these new entities grant in favour of BDC Capital security which shall be registered on their assets to guarantee their respective obligations and the obligations and the Financing pursuant to this Letter of Offer.

SECTION V NEGATIVE COVENANTS

Without the prior written consent of BDC Capital, neither the Borrower nor any of the Corporate Guarantor shall:

- 1. Change the nature of its business.
- 2. Amalgamate, merge, acquire or otherwise combine its business, or create an affiliated company ("affiliate" having the meaning given to it in the Canada Business Corporations Act), or sell or otherwise transfer a substantial part of its business or any substantial part of its assets, or grant any operating license.
- 3. Permit any of its shareholders to sell or transfer their shares in the capital stock of such Financing Party

save and except shares listed on a recognized stock exchange acceptable to BDC Capital.

- 4. Permit any Change of Control of such Financing Party or change the capital structure of such Financing Party by contractual or other means.
- 5. Permit any change in the shareholding of such Financing Party, except for options issued to employees under an approved stock option plan.
- 6. Allow a loan to be sought or extended, an investment to be made, a guarantee to be given, and no asset securing the Financing shall be pledge or hypothecated to another creditor, whether done for the benefit of the Borrower or for the benefit of a third party.
- 7. Declare a dividend on, or redeem or repay any obligation in respect of any shares in its capital. In addition, any advance or transfer of funds in any form whatsoever shall be made to the ultimate shareholders and/or to the corporations they own.
- 8. Make any modifications to the end date of its fiscal year, its accounting standards and/or policies.

SECTION VI EVENTS OF DEFAULT

- 1. Any Financing Party fails to pay any amount owing under or pursuant to the Financing Documents.
- 2. Any Financing Party fails to comply with or to perform any provision of the Letter of Offer or any other Financing Documents.
- 3. Any Financing Party is in default under any other agreement with BDC Capital or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
- 4. Any representation or warranty made by any Financing Party herein or in any other Financing Document is breached, false or misleading in any material respect, or becomes at any time false.
- 5. Any schedule, certificate, financial statement, report, notice or other writing furnished by any Financing Party to BDC Capital in connection with the Financing is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
- 6. Any Financing Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay its debts as they become due; or any Financing Party applies for, consents to, or acquiesces in the

appointment of a trustee, receiver or other custodian for such Financing Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Financing Party or for a substantial part of the property of such Financing Party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Financing Party; or any Financing Party takes any action to authorize, or in furtherance of, any of the foregoing.

7. The Borrower and/or any of the Corporate Guarantor ceases or threatens to cease to carry on all or a substantial part of its business.
8. The occurrence of a Change of Control of the Borrower and/or any of the Corporate Guarantor from the date of the application of financing.
9. Any Financing Party is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
10. The occurrence, in the opinion of BDC Capital, of a Material Adverse Change.

SECTION VII GENERAL TERMS AND CONDITIONS

Each Financing Party agrees to the following additional provisions:

Interest Cap

If the aggregate amount of charges payable as interest, additional interest, interest on arrears, or any other charges paid or payable in connection with the Financing (collectively the "Charges") at any time whatsoever would constitute the application of an effective annual rate of interest in excess of the limit permitted by any applicable law, then the Charges shall be reduced so that the charges paid or payable shall not exceed the maximum permissible under such law. Any excess which has been paid will be refunded by BDC Capital within ten business days following BDC Capital's determination of the amount to be refunded.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments will be applied in the following order:

1. any Prepayment Bonus (including the monthly interest and Interest Differential Charge);
2. protective disbursements;
3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees, Royalties, bonuses or other premiums, interest and principal;
5. current balances, in the following order: transaction fees, management fees, Royalties, bonuses or other premiums, interest and principal;
6. cancellation fees; and
7. other amounts due and payable under the Financing Documents.

Other than regular payments of principal and interest, BDC Capital may apply any other monies received by it, before or after default, to any debt the Borrower may owe BDC Capital under or pursuant to the Letter of Offer or any other agreement and BDC Capital may change those applications from time to time in its sole discretion.

Consent to Disclosure and Exchange of Information

Each Financing Party authorizes BDC Capital, at any time and from time to time, (i) to obtain financial, compliance, account status and any other information about a Financing Party and its respective business from its accountants, its auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility, and (ii) to disclose and exchange information with any financial institution relating to, in connection with or arising from the business of any Financing Party which BDC Capital may currently have or subsequently obtain.

Each Financing Party recognizes that in accordance with prudent business practices to « know your client » and in accordance with its internal policies, BDC Capital may be required to obtain, verify, maintain information regarding the Financing Parties, their directors, their officers duly authorized to sign, their shareholders or other persons who exercise control over each Financing Party. Each Financing Party agrees to provide without delay all information, including supporting documents and other evidence that BDC Capital, or a potential assignee or another company with an interest in BDC Capital, acting reasonably, could ask to comply with internal policies or legislation in the fight against the laundering of proceeds of crime or financing of terrorist activities that apply to them.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to a Financing Party, at its address above or such other addresses as the Financing Party may advise BDC Capital in writing, or if to BDC Capital, at BDC Capital's address above.

SCHEDULE B

Corporate Guarantee



GUARANTEE

GUARANTOR:	_____	the "Guarantor"
CREDITOR:	Business Development Bank of Canada	"BDC"
DEBTOR:	_____	the "Borrower"
DEBT:	\$ _____	the "Principal Sum"
LIMIT OF LIABILITY:	1. \$ _____ <i>(if not limited say "Unlimited")</i>	the "Limited Amount"
	or	<i>(Complete</i>
LIMIT OF LIABILITY:	2. _____% of the Outstanding Balance on the date BDC demands payment under this guarantee	<i>1 or 2 as appropriate</i>
		the "Limited Amount"
DATED:	_____, 20____	
BDC BUSINESS CENTRE:	_____ <i>(Province/Territory)</i>	the "Governing Jurisdiction"

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

1. DEBT AND SECURITY

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

2. GUARANTEE

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

3. LIABILITY AS PRINCIPAL DEBTOR

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;

- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

5. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

6. RELEASE

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

7. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

9. CHANGES MUST BE IN WRITING

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

10. JOINT AND SEVERAL LIABILITY

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

11. JURISDICTION

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

12. ASSIGNS

This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. The Bank may assign this guarantee.

13. COUNTERPARTS

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

Executed, Sealed and Delivered by

 in the presence of:

Name

Address

Occupation
(as to all signatures)

 by its authorized signatory(ies):

Authorized signatory

Authorized signatory

SOLICITOR'S CERTIFICATE

I certify that I subscribed to the execution of this instrument by the persons or person whose signature appears beside my subscription only after satisfying myself that the person read and understood this instrument, ascertaining that the person had received independent legal advice where necessary and seeing the instrument executed, sealed and delivered.

Solicitor

FORM
GUARANTEES ACKNOWLEDGMENT ACT
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. _____, (one of) the Guarantor(s) in the guarantee dated _____, 2015, made between BUSINESS DEVELOPMENT BANK OF CANADA and _____ which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she had executed the guarantee;
2. I satisfied myself by examination of him/her that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by _____, Lawyer, at the _____ of _____, in the Province of _____, this _____ day of _____, 20____.

 Signature

I declare that I am a lawyer entitled to practice law in the jurisdiction in which this certificate has been executed

STATEMENT OF GUARANTOR

I am the person named in this certificate.

 (Signature of Guarantor)

NOTE: Required for all non-corporate guarantees that are (1) executed in connection with loans originating in Alberta or (2) executed by Alberta residents regardless of jurisdiction of loan origination.

SCHEDULE C

Memorandum of Understanding Re: EBITDA and Excess Available Funds calculations

This memorandum is used to define the basis of the EBITDA that will be used for calculating the Additional Return, notably without limitation the Royalties, and the Excess Available Funds that will be used to calculate the principal payments, as set out in financing #142586-01 authorized on June 5, 2018 by BDC Capital in favor of the Borrower.

Needs to be based on the audited consolidated financial statements.

DEFINITIONS:

"EBITDA": means with respect to the Borrower and the Corporate Guarantor, net income before:

- interest (long term and short term);
- income taxes;
- depreciation and /or impairment and/or impairment of assets;
- management fees, royalties and charges of financial institutions;
- discretionary bonuses (as defined below);
- gains or losses from the disposal of assets;
- gains or losses on debt write-offs or to related persons;
- expenses related to stock-based compensation;
- any expenses related to the assessment of capital stock such as, without limiting the foregoing the adjustment of the redemption value of preferred shares;
- any return on preferred shares to be submitted to the income statement;
- any other entry outside the ordinary course of business with no impact on cash flow, including without limiting the generality of the foregoing, any impact of the transition to new accounting standards.

"Available Funds": means with respect to the Borrower and the Corporate Guarantor for any period of 12 months (or end of fiscal year), the sum of the net profits plus:

- future income taxes;
- depreciation and /or impairment and/or impairment of assets;
- discretionary bonuses (as defined below);
- gains or losses from the disposal of assets;
- gains or losses on debt write-offs or to related persons;
- expenses related to stock-based compensation;
- any expenses related to the assessment of capital stock such as, without limiting the foregoing the adjustment of the redemption value of preferred shares;
- any return on preferred shares to be submitted to the income statement;
- any other entry outside the ordinary course of business with no impact on cash flow, including without limiting the generality of the foregoing, any impact of the transition to new accounting standards.

"Excess Available Funds": are defined as the Available Funds minus the normal current portion of the long-term debt paid during the year.

For the purpose of this memorandum, **"Discretionary Bonus"** means any salary, bonuses, fees and other benefits paid to Mr. Michael Needham (or a related corporation) by the Borrower in excess of an aggregate of \$525,000 per year (plus benefits related) plus 5% per year from July 1, 2019.

In addition, without limiting the foregoing, any increase in unbudgeted and unjustified fees which would intentionally reduce EBITDA or Excess Available Funds will be added thereto and the calculation adjusted.

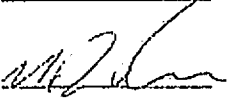
Finally, the Borrower and the Corporate Guarantor commits itself:

1. To produce its audited consolidated financial statements annually according to the ASPE (IFRS) and to maintain the same accounting principles as those used in the latest annual audited financial statements dated June 30, 2017.
2. To produce an annual confirmation of the EBITDA and the Excess Available Funds calculations by the external auditors starting with the 2019 financial year.
3. To obtain BDC Capital's written permission before creating any new entity and allow the EBITDA and the Excess Available Funds of such new entity, if positive, to be added to the present calculations.

IN WITNESS WHEREOF, the parties signed at TORONTO, this JUNE 18 2018

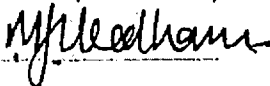
BDC CAPITAL INC.

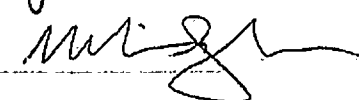
Per: _____

Per:  Martin Dudaniec
Director Growth & Transition Capital

The Borrower agrees to the present memorandum:

SIMEX INC. (The Borrower)


Per:  MICHAEL NEEDHAM, PRESIDENT

Per:  MILAN GHOSH, VP FINANCE

The Corporate Guarantor agrees to the present memorandum:


IWERKS ENTERTAINMENT, INC. (a Corporate Guarantor)

Per:  MICHAEL NEEDHAM, PRESIDENT

Per:  MILAN GHOSH, VP FINANCE

SIMEX-IWERKS MYRTLE BEACH, LLC (a Corporate Guarantor)

Per:  MICHAEL NEEDHAM, PRESIDENT

Per:  MILAN GHOSH, VP FINANCE



June 27, 2018

BDCID: 10012030184

Mr. Michael Needham
 SimEx Inc.
 210 King Street East
 Suite 600
 Toronto, ON
 M5A 1J7

Re: BDC Capital Inc. ("BDC Capital") Financing 142586-01

Dear Mr. Needham:

We write in reference to our Letter of Offer dated June 15, 2018 related to Financing No. 142586-01, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your Financing.

The amendments shall take effect upon receipt by BDC Capital of the Acceptance Form duly signed by all signatories no later than July 8, 2018.

All other terms and conditions of your financing with BDC Capital remain unchanged.

Amendments – Financing Number 142586-01:

SECURITY

The following no longer forms part of BDC Capital's Security on the Financing:

- A duly executed assignment, postponement and subordination agreement in favour of BDC Capital by the holders of any preferred shares or redeemable shares of the Borrower or the Corporate Guarantor in whole for shares issued or to be issued. Interest may be accrued provided it is not paid while any amount is owing to BDC Capital;

UNDERLYING CONDITIONS

The following underlying conditions have been added to the Financing:

- There shall be no redemption of any preferred shares without BDC Capital's prior written consent;



DISBURSEMENT

The following Disbursement section relating to the Financing

Unless otherwise authorized and except for refinancing of BDC Capital loans, funds will be disbursed to BDC Capital's legal counsel who will confirm to BDC Capital the execution, delivery and registration of the security. The latter may, if they have provided their final invoicing concurrently with the above confirmation, pay it from the disbursed funds. Any subsequent fees or disbursement shall be collected directly from the Borrower.

BDC Capital may cancel any portion of the Financing which has not been disbursed after six months from June 5, 2018 (the "Authorization Date").

is modified and is now replaced with:

Unless otherwise authorized and except for refinancing of BDC Capital loans, funds will be disbursed to BDC Capital's legal counsel who will confirm to BDC Capital the execution, delivery and registration of the security. The latter may, if they have provided their final invoicing concurrently with the above confirmation, pay it from the disbursed funds. Any subsequent fees or disbursement shall be collected directly from the Borrower.

BDC Capital may cancel any portion of the Financing which has not been disbursed after twelve months from June 5, 2018 (the "Authorization Date").

Yours truly,

A handwritten signature in black ink, appearing to read "Kyle Feucht".

Kyle Feucht
 Director, Growth & Transition Capital
 Phone: (416) 849-2406
 Fax: (416) 954-5002
 Kyle.FEUCHT@bdc.ca

A handwritten signature in black ink, appearing to read "Martin Dudaniec".

Martin Dudaniec
 Director, Growth and Transition Capital
 Phone: (416) 915-8120
 Fax: (416) 954-5002
 Martin.DUDANIEC@bdc.ca

Encl.

Business Development Bank of Canada
121 King Street West
Suite 1200
Toronto, ON
M5H 3T9

Attention: Kyle Feucht

Re: BDC Capital Financing 42586-01

The undersigned accept the terms and conditions set forth in BDC Capital's Letter of Amendment dated June 27, 2018.

Signed this 28 day of June, 2018.
(date) (month) (year)

BORROWER

SimEx Inc.

Michael Needham, Authorized Signing Officer

Name: MICHAEL NEEDHAM
[Please print name of signing party]

GUARANTORS

Iwerks Entertainment, Inc.

Michael Needham, Authorized Signing Officer

Name: MICHAEL NEEDHAM
[Please print name of signing party]

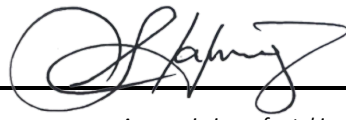
Simex-Iwerks Myrtle Beach, LLC

Michael Needham, Authorized Signing Officer

Name: MICHAEL NEEDHAM
(Please print name of signing party)

TAB N

This is Exhibit "N" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'S. King', written over a solid horizontal line.

A commissioner for taking affidavits.

EXECUTION VERSION

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (this "*Agreement*") dated June 29, 2018,

is made by

DEBTOR: IWERKS ENTERTAINMENT, INC., a corporation, organized under the laws of the State of Delaware with a mailing address at 25709 Avenue Hopkins, Santa Clarita, CA 91355 USA, the "*Debtor*";

in favor of

SECURED PARTY: BDC CAPITAL INC., with a business center at 121 King Street West, Suite 1200, Toronto, Ontario M5H 3T9, the "*Secured Party*" or "*BDCC*";

DEBT: Obligations of the Debtor in respect of the Loan Documents (as defined below) for Loan Account No. 142586-01

PRELIMINARY STATEMENTS

BDCC extended a loan or established one or more credit facilities in favor of SimEx Inc. (the "*Borrower*") on terms and subject to certain conditions set out in a letter of offer dated June 15, 2018 (as amended by the letter agreement dated June 27, 2018, and as further amended from time to time, the "*Loan Agreement*") and the Borrower may from time to time hereafter obtain credit and other financial accommodations from BDCC and incur liabilities to BDCC under the Loan Agreement and the Loan Documents (which shall mean the "*Financing Documents*," as such term is defined in the Loan Agreement); and

As a condition to extending credit to the Borrower under the Loan Agreement, BDCC has required, among other things, that the Debtor execute and deliver a Guaranty Agreement dated as of the date hereof (the "*Guaranty*") and this Agreement; and

The Borrower is an affiliate of the Debtor and the Borrower provides the Debtor with financial, management, administrative, and technical support which enables the Debtor to conduct its businesses in an orderly and efficient manner in the ordinary course; and

The Debtor will benefit, directly or indirectly, from credit and other financial accommodations extended by BDCC to the Borrower.

NOW, THEREFORE, in consideration of the benefits accruing to the Debtor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Grant of Security Interest. The Debtor hereby grants to the Secured Party a lien on and security interest in, and acknowledges and agrees that the Secured Party has and shall continue to have a continuing lien on and security interest in, all right, title and interest of the Debtor, whether now owned or existing or hereafter created, acquired or arising, in and to all of the following:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Instruments (including Promissory Notes);
- (d) Documents;
- (e) General Intangibles (including Payment Intangibles and Software, patents, trademarks, tradestyles, copyrights, and all other intellectual property rights, including all applications, registration, and licenses therefor, and all goodwill of the business connected therewith or represented thereby);
- (f) Letter-of-Credit Rights;
- (g) Supporting Obligations;
- (h) Deposit Accounts;
- (i) Investment Property (including certificated and uncertificated Securities, Securities Accounts, Security Entitlements, Commodity Accounts, and Commodity Contracts);
- (j) Inventory;
- (k) Equipment (including all software, whether or not the same constitutes embedded software, used in the operation thereof);
- (l) Fixtures;
- (m) Commercial Tort Claims (as described on Schedule F hereto or on one or more supplements to this Agreement);
- (n) Rights to merchandise and other Goods (including rights to returned or repossessed Goods and rights of stoppage in transit) which is represented by, arises from, or relates to any of the foregoing;
- (o) Monies, personal property, and interests in personal property of the Debtor of any kind or description now held by the Secured Party or at any time hereafter transferred or delivered to, or coming into the possession, custody, or control of, the Secured Party, or

any agent or affiliate of the Secured Party, whether expressly as collateral security or for any other purpose (whether for safekeeping, custody, collection or otherwise), and all dividends and distributions on or other rights in connection with any such property;

(p) Supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes and related electronic data processing media, and all rights of the Debtor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes, and other evidences of indebtedness, insurance certificates and the like, together with all books of account, ledgers, and cabinets in which the same are reflected or maintained;

(q) Accessions and additions to, and substitutions and replacements of, any and all of the foregoing; and

(r) Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof;

all of the foregoing being herein sometimes referred to as the "*Collateral*". All terms which are used in this Agreement which are defined in the Uniform Commercial Code of the State of New York as in effect from time to time ("*UCC*") shall have the same meanings herein as such terms are defined in the UCC, unless this Agreement shall otherwise specifically provide. For purposes of this Agreement, the term "*Receivables*" means all rights to the payment of a monetary obligation, whether or not earned by performance, and whether evidenced by an Account, Chattel Paper, Instrument, General Intangible, or otherwise.

Section 2. Obligations Hereby Secured. The lien and security interest herein granted and provided for is made and given to secure, and shall secure, the payment and performance of (a) any and all indebtedness, obligations, and liabilities of whatsoever kind and nature of the Debtor to the Secured Party under the Guaranty and this Agreement (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever held, evidenced, or acquired, and whether several, joint, or joint and several, including without limitation all obligations under the Guaranty and (b) any and all expenses and charges, legal or otherwise, incurred by the Secured Party in collecting or enforcing any of such indebtedness, obligations, or liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby, in each case, to the extent required to be paid by the Guarantor under the Guaranty or under this Agreement (all of the foregoing being hereinafter referred to as the "*Secured Obligations*").

Section 3. Covenants, Agreements, Representations and Warranties. The Debtor hereby covenants and agrees with, and represents and warrants to, the Secured Party that:

(a) The Debtor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware. The Debtor shall not change its jurisdiction of organization

without the Secured Party's prior written consent. The Debtor is the sole and lawful owner of the Collateral, and has full right, power, and authority to enter into this Agreement and to perform each and all of the matters and things herein provided for. The execution and delivery of this Agreement, and the observance and performance of each of the matters and things herein set forth, will not (i) contravene or constitute a default under any provision of law or any judgment, injunction, order, or decree binding upon the Debtor or any provision of the Debtor's organizational documents (*e.g.*, charter, articles or certificate of incorporation and by-laws, articles or certificate of formation and limited liability company operating agreement, partnership agreement, or similar organizational documents) or any material indenture, or agreement of or affecting the Debtor or any of its property or (ii) result in the creation or imposition of any lien or encumbrance on any property of the Debtor except for the lien and security interest granted to the Secured Party hereunder.

(b) The Debtor's chief executive office and principal place of business is at, and the Debtor keeps and shall keep all of its books and records relating to Receivables only at, 25709 Avenue Hopkins, Santa Clarita, CA 91355 USA; and the Debtor has no other executive offices or places of business other than those listed under Item 1 on Schedule A. The Collateral is and shall remain in the Debtor's possession or control at the locations listed under Item 2 on Schedule A attached hereto (as such locations may be amended or supplemented from time to time with written notice to the Secured Party as provided below, the "*Permitted Collateral Locations*"), except for Collateral which (x) in the ordinary course of the Debtor's business is in transit between Permitted Collateral Locations, (y) in the ordinary course of the Debtor's business is out for repair or (z) is otherwise de minimis in value. If for any reason any Collateral is at any time kept or located at a location other than a Permitted Collateral Location, the Secured Party shall nevertheless have and retain a lien on and security interest therein. The Debtor owns and shall at all times own all Permitted Collateral Locations, except to the extent otherwise disclosed under Item 2 on Schedule A. The Debtor shall not move its chief executive office or maintain a place of business at a location other than those specified under Item 1 on Schedule A or permit the Collateral to be located at a location other than those specified under Item 2 on Schedule A, in each case without first providing the Secured Party 30 days' prior written notice of the Debtor's intent to do so (at which time Schedule A will be deemed amended or supplemented with such additional or modified locations); *provided* that the Debtor shall at all times maintain its chief executive office and, unless otherwise specifically agreed to in writing by the Secured Party, Permitted Collateral Locations in the United States of America and, with respect to any new chief executive office or place of business or location of Collateral, the Debtor shall have taken all action reasonably requested by the Secured Party to maintain the lien and security interest of the Secured Party in the Collateral at all times fully perfected and in full force and effect.

(c) The Debtor's legal name and jurisdiction of organization is correctly set forth in the first paragraph of this Agreement. The Debtor has not transacted business at any time during the immediately preceding five-year period, and does not currently transact business, under any other legal names or trade names other than the prior legal names and trade names (if any) set forth on Schedule B attached hereto. The Debtor shall not change its legal name or transact business under any other trade name without first giving 30 days' prior written notice of its intent to do so to the Secured Party.

(d) The Collateral and every part thereof is and shall be free and clear of all security interests, liens (including, without limitation, mechanics', laborers' and statutory liens), attachments, levies, and encumbrances of every kind, nature and description, whether voluntary or involuntary, except for the lien and security interest of the Secured Party therein and as otherwise permitted by the Loan Agreement. The Debtor shall warrant and defend the Collateral against any claims and demands of all persons at any time claiming the same or any interest in the Collateral adverse to the Secured Party (other than Permitted Liens).

(e) The Debtor shall promptly pay when due all taxes, assessments, and governmental charges and levies upon or against the Debtor or any of the Collateral, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings which prevent foreclosure or other realization upon any of the Collateral and preclude interference with the operation of the Debtor's business in the ordinary course, and the Debtor shall have established adequate reserves therefor.

(f) The Debtor shall not use, manufacture, sell, or distribute any Collateral in violation of any statute, ordinance, or other governmental requirement. Except to the extent that such items are deemed (in the exercise of the Debtor's good faith business judgment) of immaterial value or obsolete, the Debtor shall not waste or destroy the Collateral or any part thereof or be negligent in the care or use of any Collateral. Except to the extent any contract or other agreement constituting part of the Collateral is deemed to be immaterial or the Debtor has otherwise decided in the good faith exercise of its business judgment to abandon such contract or other agreement, the Debtor shall perform in all material respects its obligations under any contract or other agreement constituting part of the Collateral, it being understood and agreed that the Secured Party has no responsibility to perform such obligations.

(g) Subject to Sections 4(b), 6(b), 6(c), and 7(c) hereof and the terms of the Loan Agreement, the Debtor shall not, without the Secured Party's prior written consent, sell, assign, mortgage, lease, or otherwise dispose of the Collateral or any interest therein.

(h) The Debtor shall at all times insure the Collateral consisting of tangible personal property against such risks and hazards as other persons similarly situated insure against, and including in any event loss or damage by fire, theft, burglary, pilferage, loss in transit and such other hazards as the Secured Party may reasonably specify, and in accordance with Schedule A of the Loan Agreement. All insurance required hereby shall be maintained in amounts and under policies and with insurers reasonably acceptable to the Secured Party, and all such policies shall contain loss payable clauses naming the Secured Party as loss payee as its interest may appear (and, if the Secured Party requests, naming the Secured Party as an additional insured therein) in a form reasonably acceptable to the Secured Party. All premiums on such insurance shall be paid by the Debtor. Certificates of insurance evidencing compliance with the foregoing and, at the Secured Party's request, the policies of such insurance shall be delivered by the Debtor to the Secured Party. All insurance required hereby shall provide that any loss shall be payable to the Secured Party notwithstanding any act or negligence of the Debtor, shall provide that no cancellation thereof shall be effective until at least 30 days after receipt by the Debtor and the Secured Party of written notice thereof, and shall be reasonably satisfactory to the Secured Party in all other respects. In case of any material loss, damage to or destruction of the Collateral or any

part thereof, the Debtor shall promptly give written notice thereof to the Secured Party generally describing the nature and extent of such damage or destruction. In case of any loss, damage to or destruction of the Collateral or any part thereof, the Debtor, whether or not the insurance proceeds, if any, received on account of such damage or destruction shall be sufficient for that purpose, at the Debtor's cost and expense, shall promptly repair or replace the Collateral so lost, damaged, or destroyed, except to the extent such Collateral, prior to its loss, damage, or destruction, had become uneconomical, obsolete, or worn out and is not necessary for or of importance to the proper conduct of the Debtor's business in the ordinary course or otherwise agreed to in writing by the Secured Party. In the event the Debtor shall receive any proceeds of such insurance, the Debtor will give notice as required by Schedule A of the Loan Agreement, and upon request, the Debtor shall immediately pay over such proceeds to the Secured Party. The Debtor hereby authorizes the Secured Party, at the Secured Party's option, to adjust, compromise, and settle any losses under any insurance afforded at any time during the existence of any Event of Default, and the Debtor does hereby irrevocably constitute the Secured Party, and each of its nominees, officers, agents, attorneys, and any other person whom the Secured Party may designate, as the Debtor's attorneys-in-fact, with full power and authority to effect such adjustment, compromise, and/or settlement and to endorse any drafts drawn by an insurer of the Collateral or any part thereof and to do everything necessary to carry out such purposes and to receive and receipt for any unearned premiums due under policies of such insurance. Unless the Secured Party elects to adjust, compromise, or settle losses as aforesaid, any adjustment, compromise, and/or settlement of any losses under any insurance shall be made by the Debtor subject to final approval of the Secured Party (regardless of whether or not an Event of Default shall have occurred) in the case of losses exceeding \$50,000. Net insurance proceeds received by the Secured Party under the provisions hereof or under any policy of insurance covering the Collateral or any part thereof shall be applied to the reduction of the Secured Obligations (whether or not then due); *provided, however*, that the Secured Party agrees to release such insurance proceeds to the Debtor for replacement or restoration of the portion of the Collateral lost, damaged, or destroyed if, but only if, (i) at the time of release no Event of Default exists, (ii) written application for such release is received by the Secured Party from the Debtor within 30 days of receipt of such proceeds, and (iii) the Secured Party has received evidence reasonably satisfactory to it that the Collateral lost, damaged, or destroyed has been or will be replaced or restored to its condition immediately prior to the loss, destruction, or other event giving rise to the payment of such insurance proceeds. All insurance proceeds shall be subject to the lien and security interest of the Secured Party hereunder.

UNLESS THE DEBTOR PROVIDES THE SECURED PARTY WITH EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY THIS AGREEMENT, THE SECURED PARTY MAY PURCHASE INSURANCE AT THE DEBTOR'S EXPENSE TO PROTECT THE SECURED PARTY'S INTERESTS IN THE COLLATERAL. THIS INSURANCE MAY, BUT NEED NOT, PROTECT THE DEBTOR'S INTERESTS IN THE COLLATERAL. THE COVERAGE PURCHASED BY THE SECURED PARTY MAY NOT PAY ANY CLAIMS THAT THE DEBTOR MAKES OR ANY CLAIM THAT IS MADE AGAINST THE DEBTOR IN CONNECTION WITH THE COLLATERAL. THE DEBTOR MAY LATER CANCEL ANY SUCH INSURANCE PURCHASED BY THE SECURED PARTY, BUT ONLY AFTER PROVIDING THE SECURED PARTY WITH EVIDENCE THAT THE DEBTOR HAS OBTAINED INSURANCE AS REQUIRED BY THIS AGREEMENT. IF THE SECURED PARTY PURCHASES INSURANCE FOR THE COLLATERAL, THE DEBTOR WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AND ANY OTHER CHARGES THAT THE SECURED PARTY MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OF THE

CANCELLATION OR EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE MAY BE ADDED TO THE SECURED OBLIGATIONS SECURED HEREBY. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE THE DEBTOR MAY BE ABLE TO OBTAIN ON ITS OWN.

(i) The Debtor shall at all times allow the Secured Party and its representatives free access to and right of inspection of the Collateral; *provided* that, unless the Secured Party believes in good faith an Event of Default exists, any such access or inspection shall only be required during the Debtor's normal business hours upon reasonable notice.

(j) If any Collateral is in the possession or control of any of the Debtor's agents or processors and the Secured Party so requests, the Debtor agrees to notify such agents or processors in writing of the Secured Party's security interest therein and instruct them to hold all such Collateral for the Secured Party's account and subject to the Secured Party's instructions. The Debtor shall, upon the request of the Secured Party, authorize and instruct all bailees and other parties, if any, at any time processing, labeling, packaging, holding, storing, shipping, or transferring all or any part of the Collateral to permit the Secured Party and its representatives to examine and inspect any of the Collateral then in such party's possession and to verify from such party's own books and records any information concerning the Collateral or any part thereof which the Secured Party or its representatives may seek to verify. As to any premises not owned by the Debtor wherein any of the Collateral is located, the Debtor shall, at the Secured Party's request, cause each party having any right, title or interest in, or lien on, any of such premises to enter into an agreement (any such agreement to contain a legal description of such premises) whereby such party disclaims any right, title and interest in, and lien on, the Collateral and allows the removal of such Collateral by the Secured Party and is otherwise in form and substance reasonably acceptable to the Secured Party; *provided, however*, that no such agreement need be obtained with respect to any one location wherein the value of the Collateral as to which such agreement has not been obtained aggregates less than \$50,000 at any one time.

(k) The Debtor agrees from time to time to deliver to the Secured Party such evidence of the existence, identity, and location of the Collateral and of its availability as collateral security pursuant hereto (including, without limitation, schedules describing all Receivables created or acquired by the Debtor, copies of customer invoices or the equivalent, and original shipping or delivery receipts for all merchandise and other goods sold or leased or services rendered, together with the Debtor's warranty of the genuineness thereof, and reports stating the book value of Inventory and Equipment by major category and location), in each case as the Secured Party may reasonably request. The Secured Party shall have the right to verify all or any part of the Collateral in any manner, and through any medium, which the Secured Party considers appropriate (including, without limitation, the verification of Collateral by use of a fictitious name), and the Debtor agrees to furnish all assistance and information, and perform any acts, which the Secured Party may reasonably require in connection therewith.

(l) The Debtor shall comply in all material respects with the terms and conditions of all leases, easements, right-of-way agreements, and other similar agreements binding upon the Debtor or affecting the Collateral or any part thereof, and all orders, ordinances, laws, and statutes of any city, state, or other governmental entity, department, or agency having jurisdiction with respect to the premises wherein such Collateral is located or the conduct of business thereon.

(m) Schedule C attached hereto contains a true, complete, and current listing of all patents, trademarks, tradestyles, copyrights, and other intellectual property rights (including all applications therefor) owned by the Debtor as of the date hereof that are registered with any governmental authority. To the extent required by the Loan Agreement or if requested by Secured Party, the Debtor shall promptly notify the Secured Party in writing of any additional registered intellectual property rights (or applications therefor) acquired or arising after the date hereof, and shall submit to the Secured Party a supplement to Schedule C to reflect such additional rights (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein). The Debtor owns or possesses rights to use all franchises, licenses, patents, trademarks, trade names, tradestyles, copyrights, and rights with respect to the foregoing which are required to conduct its business. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and the Debtor is not liable to any person for infringement under applicable law with respect to any such rights as a result of its business operations.

(n) Schedule F attached hereto contains a true, complete and current listing of all Commercial Tort Claims held by the Debtor as of the date hereof, each described by reference to the specific incident given rise to the claim. The Debtor agrees to execute and deliver to the Secured Party a supplement to this Agreement in the form attached hereto as Schedule G, or in such other form acceptable to the Secured Party, promptly upon becoming aware of any other Commercial Tort Claim held or maintained by the Debtor arising after the date hereof (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein).

(o) The Debtor agrees to execute and deliver to the Secured Party such further agreements, assignments, instruments, and documents and to do all such other things as the Secured Party may reasonably deem necessary or appropriate to assure the Secured Party its lien and security interest hereunder, including, without limitation, (i) such financing statements, and amendments thereof or supplements thereto, and such other instruments and documents as the Secured Party may from time to time reasonably require in order to comply with the UCC and any other applicable law, (ii) such agreements with respect to patents, trademarks, copyrights, and similar intellectual property rights (including all applications therefor) as the Secured Party may from time to time reasonably require to comply with the filing requirements of the United States Patent and Trademark Office and the United States Copyright Office, and (iii) such control agreements with respect to all Deposit Accounts, Investment Property, Letter-of-Credit Rights, and electronic Chattel Paper, and to cause the relevant depository institutions, financial intermediaries, and issuers to execute and deliver such control agreements, as the Secured Party may from time to time reasonably require. The Debtor hereby agrees that a carbon, photographic, or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement by the Secured Party without notice thereof to the Debtor wherever the Secured Party in its sole discretion desires to file the same. The Debtor hereby authorizes the Secured Party to file any and all financing statements covering the Collateral or any part thereof as the Secured Party may require, including financing statements describing the Collateral as "all assets" or "all personal property" or words of like meaning. The Secured Party may order lien searches from time to time against the Debtor and the Collateral, and the Debtor shall promptly reimburse the Secured Party for all reasonable and documented costs and expenses incurred in connection with such lien searches. In the event for any reason the law of any jurisdiction other

than the Debtor's current jurisdiction of organization or the jurisdiction identified in the schedules attached hereto as of the date hereof becomes or is applicable to the Collateral or any part thereof, or to any of the Secured Obligations, the Debtor agrees to execute and deliver all such instruments and documents and to do all such other things as the Secured Party in its sole discretion deems necessary or appropriate to preserve, protect, and enforce the lien and security interest of the Secured Party under the law of such other jurisdiction. The Debtor agrees to mark its books and records to reflect the lien and security interest of the Secured Party in the Collateral.

(p) On failure of the Debtor to perform any of the covenants and agreements herein contained, the Secured Party may, at its option, perform the same and in so doing may expend such sums as the Secured Party may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, liens, and encumbrances, expenditures made in defending against any adverse claims, and all other expenditures which the Secured Party may be compelled to make by operation of law or which the Secured Party may make by agreement or otherwise for the protection of the security hereof. All such sums and amounts so expended shall be repayable by the Debtor immediately without notice or demand, shall constitute additional Secured Obligations secured hereunder and shall bear interest from the date said amounts are expended at the rate provided in the Loan Documents (such rate, including any adjusted rate following a default, the "*Specified Rate*"). No such performance of any covenant or agreement by the Secured Party on behalf of the Debtor, and no such advancement or expenditure therefor, shall relieve the Debtor of any default under the terms of this Agreement or in any way obligate the Secured Party to take any further or future action with respect thereto. The Secured Party, in making any payment hereby authorized, may do so according to any bill, statement, or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement, or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, or title or claim. The Secured Party, in performing any act hereunder, shall be the sole judge of whether the Debtor is required to perform same under the terms of this Agreement. The Secured Party is hereby authorized to charge any account of the Debtor maintained with the Secured Party for the amount of such sums and amounts so expended.

Section 4. Special Provisions Re: Receivables. (a) As of the time any Receivable becomes subject to the security interest provided for hereby, and at all times thereafter, the Debtor shall be deemed to have warranted as to each and all of such Receivables that: (i) all warranties of the Debtor set forth in this Agreement, to the extent applicable to such Receivables, are true and correct in all material respects with respect to each such Receivable; that each Receivable and all papers and documents relating thereto are genuine and in all respects what they purport to be; that each Receivable is valid and subsisting; (ii) as to any reports requested by and delivered to the Secured Party as to the Receivables, that the amount of the Receivable represented as owing is in all material respects the correct amount and owing, except for normal cash discounts on normal trade terms in the ordinary course of business. Without limiting the foregoing, if any Receivable arises out of a contract with the United States of America, or any state or political subdivision thereof, or any department, agency, or instrumentality of any of the foregoing, the Debtor agrees to notify the Secured Party and, at the Secured Party's request, execute whatever instruments and documents are required by the Secured Party in order that such Receivable shall be assigned to the Secured Party and that proper notice of such assignment shall be given under the federal

Assignment of Claims Act (or any successor statute) or any similar state or local statute, as the case may be.

(b) Unless and until an Event of Default occurs, any merchandise or other goods which are returned by a customer or account debtor or otherwise recovered may be resold by the Debtor in the ordinary course of its business as presently conducted in accordance with Section 6(b) hereof; and, during the existence of any Event of Default, such merchandise and other goods shall be set aside at the request of the Secured Party and held by the Debtor as trustee for the Secured Party and shall remain part of the Secured Party's Collateral. Unless and until an Event of Default occurs, the Debtor may settle and adjust disputes and claims with its customers and account debtors, handle returns and recoveries, and grant discounts, credits, and allowances in the ordinary course of its business as presently conducted for amounts and on terms which the Debtor in good faith considers advisable; and, during the existence of any Event of Default, at the Secured Party's request, the Debtor shall notify the Secured Party promptly of all returns and recoveries and, on the Secured Party's request, deliver any such merchandise or other goods to the Secured Party. During the existence of any Event of Default, at the Secured Party's request, the Debtor shall also notify the Secured Party promptly of all disputes and claims and settle or adjust them at no expense to the Secured Party, but no discount, credit, or allowance other than on normal trade terms in the ordinary course of business as presently conducted shall be granted to any customer or account debtor and no returns of merchandise or other goods shall be accepted by the Debtor without the Secured Party's consent. The Secured Party may, at all times during the existence of any Event of Default, settle or adjust disputes and claims directly with customers or account debtors for amounts and upon terms which the Secured Party considers advisable.

(c) Unless delivered to the Secured Party or its agent, upon the request of the Secured Party, all tangible Chattel Paper and Instruments shall contain a legend acceptable to the Secured Party indicating that such Chattel Paper or Instrument is subject to the security interest of the Secured Party contemplated by this Agreement.

Section 5. Collection of Receivables. (a) Except as otherwise provided in this Agreement, the Debtor shall make collection of all Receivables and may use the same to carry on its business in accordance with sound business practice and otherwise subject to the terms hereof.

(b) Upon the occurrence of any Event of Default, which is continuing, whether or not the Secured Party has exercised any or all of its rights under other provisions of this Section 5 in the event the Secured Party requests the Debtor to do so:

(i) all Instruments and Chattel Paper at any time constituting part of the Receivables or any other Collateral (including any postdated checks) shall, upon receipt by the Debtor, be immediately endorsed to and deposited with the Secured Party; and/or

(ii) the Debtor shall instruct all customers and account debtors to remit all payments in respect of Receivables or any other Collateral to a lockbox or lockboxes under the sole custody and control of the Secured Party.

(c) Upon the occurrence of any Event of Default, which is continuing, whether or not the Secured Party has exercised any or all of its rights under other provisions of this Section 5, the Secured Party or its designee may notify the Debtor's customers and account debtors at any time that Receivables or any other Collateral have been assigned to the Secured Party or of the Secured Party's security interest therein, and either in its own name, or the Debtor's name, or both, demand, collect (including, without limitation, through a lockbox analogous to that described in Section 5(b)(ii) hereof), receive, receipt for, sue for, compound, and give acquittance for any or all amounts due or to become due on Receivables or any other Collateral, and in the Secured Party's discretion file any claim or take any other action or proceeding which the Secured Party may deem reasonably necessary or appropriate to protect or realize upon the security interest of the Secured Party in the Receivables or any other Collateral.

(d) Any proceeds of Receivables or other Collateral transmitted to or otherwise received by the Secured Party pursuant to any of the provisions of Sections 5(b) or 5(c) hereof may be handled and administered by the Secured Party in and through a remittance account at the Secured Party. The Debtor acknowledges that the maintenance of such remittance account by the Secured Party is solely for the Secured Party's convenience and that the Debtor does not have any right, title, or interest in such remittance account. The Secured Party may, after the occurrence and during the continuation of any Event of Default, apply all or any part of any proceeds of Receivables or other Collateral received by it from any source to the payment of the Secured Obligations (whether or not then due and payable), such applications to be made in such amounts, in such manner and order and at such intervals as the Secured Party may from time to time in its discretion determine in accordance with the Loan Documents. The Secured Party need not apply or give credit for any item included in proceeds of Receivables or other Collateral until the Secured Party has received final payment therefor at its office in immediately available funds, acceptable to the Secured Party as such. However, if the Secured Party does give credit for any item prior to receiving final payment therefor and the Secured Party fails to receive such final payment or an item is charged back to the Secured Party for any reason, the Secured Party may at its election in either instance charge the amount of such item back against the remittance account or any account of the Debtor maintained with the Secured Party, together with interest thereon at the Specified Rate. Concurrently with each transmission of any proceeds of Receivables or other Collateral to the remittance account, the Debtor shall furnish the Secured Party with a report in such form as the Secured Party shall reasonably require identifying the particular Receivable or other Collateral from which the same arises or relates. Unless and until an Event of Default or an event or condition which with the lapse of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing, the Secured Party will release proceeds of Collateral which the Secured Party has not applied to the Secured Obligations as provided above from the remittance account from time to time promptly after receipt thereof. The Debtor hereby indemnifies the Secured Party from and against all liabilities, damages, losses, actions, claims, judgments, costs, expenses, charges and attorneys' fees suffered or incurred by the Secured Party because of the maintenance of the foregoing arrangements; *provided, however*, that the Debtor shall not be required to indemnify the Secured Party for any of the foregoing to the extent they arise solely from the gross negligence or willful misconduct of the Secured Party. The Secured Party shall have no liability or responsibility to the Debtor for accepting any check, draft or other order for payment of money bearing the legend "payment in full" or words of similar import or any other

restrictive legend or endorsement whatsoever or be responsible for determining the correctness of any remittance.

Section 6. Special Provisions Re: Inventory and Equipment. (a) The Debtor shall at its own cost and expense maintain, keep and preserve the Inventory in good and merchantable condition and keep and preserve the Equipment in good repair, working order and condition, ordinary wear and tear excepted, and, without limiting the foregoing, make all necessary and proper repairs, replacements and additions to the Equipment (except for Equipment that has become obsolete or of immaterial value) so that the efficiency thereof shall be fully preserved and maintained.

(b) The Debtor may, until an Event of Default has occurred and is continuing and thereafter until otherwise notified by the Secured Party, use, consume and sell the Inventory in the ordinary course of its business, but a sale in the ordinary course of business shall not under any circumstance include any transfer or sale in satisfaction, partial or complete, of a debt owing by the Debtor.

(c) The Debtor may, until an Event of Default has occurred and is continuing and thereafter until otherwise notified by the Secured Party, sell or otherwise dispose of Equipment to the extent permitted by the Loan Agreement.

(d) As of the time any Inventory or Equipment becomes subject to the security interest provided for hereby and at all times thereafter, the Debtor shall be deemed to have warranted as to any and all of such Inventory and Equipment that all warranties of the Debtor set forth in this Agreement, to the extent applicable to such Inventory and Equipment, are true and correct in all material respects with respect to such Inventory and Equipment; that all of such Inventory and Equipment is located at a Permitted Collateral Location, except for Inventory and Equipment which (x) in the ordinary course of the Debtor's business is in transit between Permitted Collateral Locations, (y) in the ordinary course of the Debtor's business is out for repair or (z) is otherwise de minimis in value; and that, in the case of Inventory, such Inventory is in good and merchantable condition. The Debtor warrants and agrees that no Inventory is or will be consigned to any other person without the Secured Party's prior written consent.

(e) Upon the Secured Party's request, the Debtor shall at its own cost and expense cause the lien of the Secured Party in and to any portion of the Collateral subject to a certificate of title law to be duly noted on such certificate of title or to be otherwise filed in such manner as is prescribed by law in order to perfect such lien and shall cause all such certificates of title and evidences of lien to be deposited with the Secured Party.

(f) None of the Equipment is or will be attached to real estate in such a manner that the same may become a fixture, except for Equipment from time to time (i) located on real estate subject to a mortgage in favor of the Secured Party, (ii) located on real property described on Schedule D, or (iii) disclosed to the Secured Party in writing prior to such Equipment becoming a fixture.

(g) If any of the Inventory is at any time evidenced by a document of title, to the extent required by the Loan Agreement or upon Secured Party's request, such document shall be promptly delivered by the Debtor to the Secured Party.

Section 7. Special Provisions Re: Investment Property and Deposits. (a) Unless and until an Event of Default has occurred and is continuing and thereafter until notified to the contrary by the Secured Party pursuant to Section 9(d) hereof:

(i) the Debtor shall be entitled to exercise all voting and/or consensual powers pertaining to the Investment Property or any part thereof, for all purposes not inconsistent with the terms of this Agreement or any other document evidencing or otherwise relating to any Secured Obligations; and

(ii) the Debtor shall be entitled to receive and retain all cash dividends paid upon or in respect of the Investment Property.

(b) All Investment Property (including all securities, certificated or uncertificated, securities accounts, and commodity accounts) of the Debtor on the date hereof is listed and identified on Schedule E attached hereto and made a part hereof. To the extent required by the Loan Agreement or upon Secured Party's request, the Debtor shall promptly notify the Secured Party of any other Investment Property acquired or maintained by the Debtor after the date hereof, and shall submit to the Secured Party a supplement to Schedule E to reflect such additional rights (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein). To the extent required by the Loan Agreement or upon Secured Party's request, certificates for all certificated securities now or at any time constituting Investment Property shall be promptly delivered by the Debtor to the Secured Party duly endorsed in blank for transfer or accompanied by an appropriate assignment or assignments or an appropriate undated stock power or powers, in every case sufficient to transfer title thereto, including, without limitation, all stock received in respect of a stock dividend or resulting from a split-up, revision, or reclassification of the Investment Property or any part thereof or received in addition to, in substitution of, or in exchange for the Investment Property or any part thereof as a result of a merger, consolidation, or otherwise. With respect to any uncertificated securities or any Investment Property held by a securities intermediary, commodity intermediary, or other financial intermediary of any kind, at the Secured Party's request, the Debtor shall execute and deliver, and shall cause any such issuer or intermediary to execute and deliver, an agreement among the Debtor, the Secured Party, and such issuer or intermediary in form and substance reasonably satisfactory to the Secured Party which provides, among other things, for the issuer's or intermediary's agreement that it shall comply with entitlement orders, and apply any value distributed on account of any such Investment Property, as directed by the Secured Party without further consent by the Debtor. The Secured Party may at any time, after the occurrence of an Event of Default, which is continuing, cause to be transferred into its name or the name of its nominee or nominees all or any part of the Investment Property hereunder.

(c) Unless and until an Event of Default has occurred and is continuing, the Debtor may sell or otherwise dispose of any Investment Property to the extent permitted by the Loan Agreement, *provided that* except as permitted by the Loan Agreement, the Debtor shall not sell or

otherwise dispose of any capital stock of or other equity interests in any direct or indirect subsidiary without the prior written consent of the Secured Party. After the occurrence and during the continuation of any Event of Default, the Debtor shall not sell all or any part of the Investment Property without the prior written consent of the Secured Party.

(d) [Reserved.]

(e) Notwithstanding anything to the contrary contained herein, in the event any Investment Property is subject to the terms of a separate security agreement in favor of the Secured Party, the terms of such separate security agreement shall govern and control unless otherwise agreed to in writing by the Secured Party.

(f) All Deposit Accounts of the Debtor on the date hereof are listed and identified (by account number and depository institution) on Schedule E attached hereto and made a part hereof. To the extent required by the Loan Agreement or upon Secured Party's request, the Debtor shall promptly notify the Secured Party of any other Deposit Account opened or maintained by the Debtor after the date hereof, and shall submit to the Secured Party a supplement to Schedule E to reflect such additional accounts (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein). To the extent requested by Secured Party, the Debtor, the depository institution, and the Secured Party shall execute and deliver an account control agreement in form and substance reasonably satisfactory to the Secured Party which provides, among other things, for the depository institution's agreement that it will comply with instructions originated by the Secured Party directing the disposition of the funds in each such the Deposit Account without further consent by such Debtor.

Section 8. Power of Attorney. In addition to any other powers of attorney contained herein, the Debtor hereby appoints the Secured Party, its nominee, and any other person whom the Secured Party may designate, as the Debtor's attorney-in-fact, with full power and authority to (i) sign the Debtor's name on verifications of Receivables and other Collateral; (ii) send requests for verification of Collateral to the Debtor's customers, account debtors, and other obligors; to endorse the Debtor's name on any checks, notes, acceptances, money orders, drafts, and any other forms of payment or security that may come into the Secured Party's possession or on any assignments, stock powers, or other instruments of transfer relating to the Collateral or any part thereof; (iii) sign the Debtor's name on any invoice or bill of lading relating to any Collateral, on claims to enforce collection of any Collateral, on notices to and drafts against customers and account debtors and other obligors, on schedules and assignments of Collateral, on notices of assignment and on public records; (iv) notify the post office authorities to change the address for delivery of the Debtor's mail to an address designated by the Secured Party; (v) receive, open and dispose of all mail addressed to the Debtor; and (vi) do all things necessary to carry out this Agreement. Secured Party agrees not to exercise such power except during an Event of Default which is continuing. The Debtor hereby ratifies and approves all acts of any such attorney and agrees that neither the Secured Party nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than such person's gross negligence or willful misconduct. The Secured Party may file one or more financing statements disclosing its security interest in any or all of the Collateral without the Debtor's signature appearing thereon. The Debtor also hereby grants the Secured Party a power of attorney to execute any such financing statements, or

amendments and supplements to financing statements, on behalf of the Debtor without notice thereof to the Debtor. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Secured Obligations have been fully paid and satisfied and all agreements of the Secured Party to extend credit to or for the account of the Debtor have expired or otherwise have been terminated.

Section 9. Defaults and Remedies. (a) Unless waived by BDCC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Loan Parties and BDCC in any of the following events (each, an “*Event of Default*” hereunder):

(i) the Debtor defaults, or threatens to default, in payments when due of any Secured Obligation or any Loan Party defaults or threatens to default, in payments when due under any Loan Document; or

(ii) any Loan Party is in breach of any term, condition, obligation or covenant made by it to or with the Secured Party, or any representation or warranty of any such Person is untrue or ceases to be accurate, whether or not contained in this Security Agreement or another Loan Document; or

(iii) any event shall occur or condition shall exist which is specified as an “*Event of Default*” under the Loan Agreement, regardless of whether or not the Loan Agreement remains in effect, or any other default shall occur in the observance or performance of any terms or provisions of any instrument or document evidencing or securing any Secured Obligations or setting forth terms and conditions applicable thereto or otherwise relating thereto, or this Agreement shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void; or

(iv) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or

(v) any Loan Party ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or

(vi) any judgment or judgments, writ or writs, or warrant or warrants of attachment, or any similar process or processes shall be entered or filed against the Debtor or against any of its property or assets and which remains unvacated, unbonded, unstayed or unsatisfied for a period of thirty (30) days; or

(vii) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or

(viii) the Secured Party in good faith and on commercially reasonable grounds believes that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction such that the Secured Party's lien thereon would be unperfected; or

(ix) the lessor under any lease to the Debtor of any real property on which the Debtor maintains tangible Collateral with a fair market value in excess of \$50,000 US takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease against the Collateral as a result of any default by the Debtor; or

(x) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets other than in accordance with applicable law, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority.

(b) Upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have, in addition to all other rights provided herein or by law, the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights or remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further the Secured Party may, without demand and without advertisement, notice, hearing, or process of law, all of which the Debtor hereby waives, at any time or times, sell and deliver all or any part of the Collateral (and any other property of the Debtor attached thereto or found therein) held by or for it at public or private sale, for cash, upon credit, or otherwise, at such prices and upon such terms as the Secured Party deems advisable, in its sole discretion. In addition to all other sums due the Secured Party hereunder, the Debtor shall pay the Secured Party all costs and expenses incurred by the Secured Party, including attorneys' fees and court costs, in obtaining, liquidating or enforcing payment of Collateral or the Secured Obligations or in the prosecution or defense of any action or proceeding by or against the Secured Party or the Debtor concerning any matter arising out of or connected with this Agreement or the Collateral or the Secured Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code (or any successor statute). Any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Debtor in accordance with Section 12(b) hereof at least 10 days before the time of sale or other event giving rise to the requirement of such notice; *provided however*, no notification need be given to the Debtor if the Debtor has signed, after an Event of Default has occurred, a statement renouncing any right to notification of sale or other intended disposition. The Secured Party shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. The Secured Party may be the purchaser at any such sale. The Debtor hereby waives all of its rights of redemption from any such sale. The Secured Party may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale was postponed or the Secured Party may further postpone such sale by announcement made at such time and place. The Secured Party has no obligation to prepare the Collateral for sale. The Secured Party may sell or otherwise dispose of the Collateral without giving any warranties as to the Collateral or any part thereof, including disclaimers of any

warranties of title or the like, and the Debtor acknowledges and agrees that the absence of such warranties shall not render the disposition commercially unreasonable.

(c) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have the right, in addition to all other rights provided herein or by law, to take physical possession of any and all of the Collateral and anything found therein, the right for that purpose to enter without legal process any premises where the Collateral may be found (provided such entry be done lawfully), and the right to maintain such possession on the Debtor's premises (the Debtor hereby agreeing to lease such premises without cost or expense to the Secured Party or its designee if the Secured Party so requests) or to remove the Collateral or any part thereof to such other places as the Secured Party may desire. Upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have the right to exercise any and all rights with respect to all Deposit Accounts of the Debtor, including, without limitation, the right to direct the disposition of the funds in each Deposit Account and to collect, withdraw, and receive all amounts due or to become due or payable under each such Deposit Account. Upon the occurrence and during the continuation of any Event of Default, the Debtor shall, upon the Secured Party's demand, promptly assemble the Collateral and make it available to the Secured Party at a place designated by the Secured Party. If the Secured Party exercises its right to take possession of the Collateral, the Debtor shall also at its expense perform any and all other steps requested by the Secured Party to preserve and protect the security interest hereby granted in the Collateral, such as placing and maintaining signs indicating the security interest of the Secured Party, appointing overseers for the Collateral, and maintaining Collateral records.

(d) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, all rights of the Debtor to exercise the voting and/or consensual powers which it is entitled to exercise pursuant to Section 7(a)(i) hereof and/or to receive and retain the distributions which it is entitled to receive and retain pursuant to Section 7(a)(ii) hereof, shall, at the option of the Secured Party, cease and thereupon become vested in the Secured Party, which, in addition to all other rights provided herein or by law, shall then be entitled solely and exclusively to exercise all voting and other consensual powers pertaining to the Investment Property (including, without limitation, the right to deliver notice of control with respect to any Investment Property held in a securities account or commodity account and deliver all entitlement orders with respect thereto) and/or to receive and retain the distributions which the Debtor would otherwise have been authorized to retain pursuant to Section 7(a)(ii) hereof and shall then be entitled solely and exclusively to exercise any and all rights of conversion, exchange, or subscription or any other rights, privileges, or options pertaining to any Investment Property as if the Secured Party were the absolute owner thereof. Without limiting the foregoing, the Secured Party shall have the right to exchange, at its discretion, any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization, or other readjustment of the respective issuer thereof or upon the exercise by or on behalf of any such issuer or the Secured Party of any right, privilege, or option pertaining to any Investment Property and, in connection therewith, to deposit and deliver any and all of the Investment Property with any committee, depository, transfer agent, registrar, or other designated agency upon such terms and conditions as the Secured Party may determine. In the event the Secured Party in good faith believes any of the Collateral constitutes restricted securities within the meaning of any applicable securities laws,

any disposition thereof in compliance with such laws shall not render the disposition commercially unreasonable.

(e) Without in any way limiting the foregoing, the Debtor hereby grants to the Secured Party a royalty-free irrevocable license and right to use all of the Debtor's patents, patent applications, patent licenses, trademarks, trademark registrations, trademark licenses, trade names, trade styles, copyrights, copyright applications, copyright licenses, and similar intangibles in connection with any foreclosure or other realization by the Secured Party on all or any part of the Collateral. The license and right granted the Secured Party hereby shall be without any royalty or fee or charge whatsoever.

(f) The powers conferred upon the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose on it any duty to exercise such powers. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equivalent to that which the Secured Party accords its own property, consisting of similar type assets, it being understood, however, that the Secured Party shall have no responsibility for ascertaining or taking any action with respect to calls, conversions, exchanges, maturities, tenders, or other matters relating to any such Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters. This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of the Debtor in any way related to the Collateral, and the Secured Party shall have no duty or obligation to discharge any such duty or obligation. The Secured Party shall have no responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral or initiating any action to protect the Collateral against the possibility of a decline in market value. Neither the Secured Party nor any party acting as attorney for the Secured Party shall be liable for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct.

(g) Failure by the Secured Party to exercise any right, remedy, or option under this Agreement or any other agreement between the Debtor and the Secured Party or provided by law, or delay by the Secured Party in exercising the same, shall not operate as a waiver; and no waiver by the Secured Party shall be effective unless it is in writing and then only to the extent specifically stated. The rights and remedies of the Secured Party under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Secured Party may have.

Section 10. Application of Proceeds. The proceeds and avails of the Collateral at any time received by the Secured Party after the occurrence and during the continuation of any Event of Default shall, when received by the Secured Party in cash or its equivalent, be applied by the Secured Party as follows:

(i) first, to the payment and satisfaction of all sums paid and costs and expenses incurred by the Secured Party hereunder or otherwise in connection herewith, including such monies paid or incurred in connection with protecting, preserving or realizing upon the Collateral or enforcing any of the terms hereof, including attorneys' fees and court costs, together with any interest thereon (but without preference or priority of principal

over interest or of interest over principal), to the extent the Secured Party is not reimbursed therefor by the Debtor; and

(ii) second, to the payment and satisfaction of the remaining Secured Obligations, whether or not then due (in whatever order the Secured Party elects), both for interest and principal.

The Debtor shall remain liable to the Secured Party for any deficiency. Any surplus remaining after the full payment and satisfaction of the foregoing shall be returned to the Debtor or to whomsoever the Secured Party reasonably determines is lawfully entitled thereto.

Section 11. Continuing Agreement. This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Secured Obligations, both for principal and interest, have been fully paid and satisfied and all agreements of the Secured Party to extend credit to or for the account of the Debtor have expired or otherwise have been terminated. Upon such termination of this Agreement, the Secured Party shall, upon the request and at the expense of the Debtor, forthwith release its security interest hereunder.

Section 12. Miscellaneous. (a) This Agreement cannot be changed or terminated orally. All of the rights, privileges, remedies, and options given to the Secured Party hereunder shall inure to the benefit of its successors and assigns, and all the terms, conditions, covenants, agreements, representations, and warranties of and in this Agreement shall bind the Debtor and its legal representatives, successors and assigns, provided that the Debtor may not assign its rights or delegate its duties hereunder without the Secured Party's prior written consent.

(b) Except as otherwise specified herein, all notices hereunder shall be in writing and shall be given in person, or by letter sent by fax, mail or courier to the address, fax number set forth below, or such other address or fax number as such party may hereafter specify by notice to BDCC given in the manner herein provided. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices hereunder shall be addressed:

to the Debtor at:

Simex-Iwerks Myrtle Beach, LLC
210 King Street East, Suite 600, Toronto, ON
M5A 1J7 Canada
Attention: Milan Ghosh
Fax: (416) 597-0350

to the Secured Party at:

BDC Capital Inc.
121 King Street West, Suite 1200
Toronto, Ontario M5H 3T9 Canada
Fax: (416) 954-5002

(c) In the event and to the extent that any provision hereof shall be deemed to be invalid or unenforceable by reason of the operation of any law or by reason of the interpretation placed

thereon by any court, this Agreement shall to such extent be construed as not containing such provision, but only as to such locations where such law or interpretation is operative, and the invalidity or unenforceability of such provision shall not affect the validity of any remaining provisions hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(d) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY THEREIN. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument. The Debtor acknowledges that this Agreement is and shall be effective upon its execution and delivery by the Debtor to the Secured Party, and it shall not be necessary for the Secured Party to execute this Agreement or any other acceptance hereof or otherwise to signify or express its acceptance hereof.


(f) The Debtor hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Debtor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such court has been brought in an inconvenient forum. THE DEBTOR AND BDCC EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(g) Capitalized terms used and not defined herein have the meaning set forth in the Loan Agreement.

[SIGNATURE PAGE TO FOLLOW]

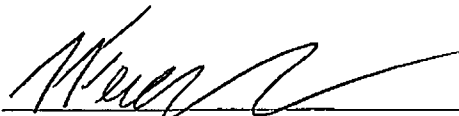
IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be duly executed and delivered as of the date and year first above written.

IWERKS ENTERTAINMENT, INC.


By: 
Name: Michael Needham
Title: President and Chief Executive Officer

Accepted and agreed to in Canada as of the date and year first above written.

BDC CAPITAL INC.

By 
Name _____ Kyle Feucht
Title _____ Director
Growth & Transition Capital

and

By 
Name _____
Title _____ Angelo Zeni
Managing Director
Growth & Transition Capital

SCHEDULE A**LOCATIONS**

- Item 1. Places of Business (including Debtor's chief executive office and principal place of business):

ADDRESS

25709 Avenue Hopkins, Santa Clarita, CA 91355 USA

10600 York Road, Suite 200, Baltimore, MD 21030

- Item 2. Permitted Collateral Locations:

ADDRESS

OWNER OF PREMISES

25709 Avenue Hopkins, Santa Clarita, CA 91355 USA

10600 York Road, Suite 200, Baltimore, MD 21030 USA

21#11F, Lanfeng Chengshi Huayuan, Loushan St, Jinjiang, Quanzhou, Fujian, 362200, China

Attraction Equipment Locations:

Bronx Zoo Boulevard	2300 Southern Bronx NY 10460 USA
Central Park Zoo Avenue	64th Street and Fifth New York NY 10021 USA
Cincinnati Zoo	3400 Vine Street Cincinnati OH 45220-1399 USA
Circus Circus Adventuredome Boulevard South	2880 Las Vegas Las Vegas NV 89109 USA
Cleveland Zoo	3900 Wildlife Way Cleveland OH 44109 USA
Columbus Zoo Road	4850 West Powell Powell OH 43065 USA
Holiday Inn Resort Gateway Drive	14500 Continental Orlando FL 32821 USA
Excalibur Hotel and Casino Boulevard	3850 South Las Vegas Las Vegas NV 89109 USA
Florida Aquarium Drive	701 Channelside Tampa FL 33602 USA
Jacksonville Zoo	370 Zoo Parkway Jacksonville FL 32218 USA
Jordan's Furniture Drive	450 Revolutionary E Taunton MA 02718 USA

Landry's Downtown Aquarium	700 Water Street Denver CO 80211 USA
Madame Tussauds Hollywood Boulevard	6933 Hollywood Hollywood CA 90028 USA
Madame Tussauds Las Vegas Boulevard South, Suite 2001	3577 Las Vegas Las Vegas NV 89109 USA
Madame Tussauds New York	234 West 42nd Street New York NY 10036 USA
Moody Gardens	1 Hope Boulevard Galveston TX 77554 USA
Museum of Science	1 Science Park Boston MA 02114 USA
Mystic Aquarium 1997	55 Coogan Boulevard Mystic CT 06355- USA
New York Aquarium 8th Street	Surf Avenue & West Brooklyn NY 11224 USA
North Carolina Zoo	4401 Zoo Parkway Asheboro NC 27205 USA
Phoenix Zoo Parkway	455 North Galvin Phoenix AZ 85008 USA
Queen Mary Highway	1126 Queens Long Beach CA 90802 USA

Ripley's Believe It or Not

1735 Richmond Road
Williamsburg VA
23185 USA

Saint Louis Zoo

1 Government Drive
Saint Louis MO
63110 USA

San Diego Zoo

2920 Zoo Drive
San Diego CA
92101 USA

Shedd Aquarium
Shore Drive

1200 South Lake
Chicago IL
60605 USA

Texas State Aquarium

2710 N. Shoreline
Corpus Christi TX
78402-1097 USA

SCHEDULE B**OTHER NAMES****A. PRIOR LEGAL NAMES**

None.

B. TRADE NAMES

None.

SCHEDULE C

INTELLECTUAL PROPERTY RIGHTS

See attached.

CONFIDENTIAL
 I122 - IWERKS ENTERTAINMENT, INC.
 U.S. AND FOREIGN MARK PROGRAM

LISTED IN ALPHABETICAL ORDER

ANNEX 5

MARK	CINEMA	CINEMA	CLASS	REG. NO.	REG. DATE	OWNER	STATUS
CINEDOME	I122 GSL/HAC	31036-USA (01) UNITED STATES	TM 09	751177614 2151880	10/07/1996 04/21/1998	Iwerks Entertainment	REGISTERED
CINEDOME	I122 GSL/HAC	31036-USA (02) UNITED STATES	SM 143	751177613 2151879	10/07/1996 04/21/1998	Iwerks Entertainment, Inc.	REGISTERED
CINEDROME 360	I122 GSL/HAC	33082-USA UNITED STATES	TM 141	74/498001 1916890	03/07/1994 09/05/1995	Iwerks	LAPSED 08/30/2001
CINEMA 180	I122 GSL/HAC	30091-USA UNITED STATES	TM	139361 1146570	08/29/1977 01/27/1981	Ofi Corp.	LAPSED 08/22/2000
CINEMA 180 and design	I122 GSL/HAC	30090-USA UNITED STATES	SM 141	184776 1185175	09/06/1978 01/05/1982	Orni Vision, Inc.	LAPSED 08/26/1998
CYBER-CIRCUS	I122 GSL/HAC	26215-USA UNITED STATES	TM/SM 141	74/470144	12/13/1993 ITU	Iwerks Touring Technologies	ABANDONED 04/02/1997
EXTREME SCREEN	I122 GSL/HAC	34240-ARG ARGENTINA	TM 09	2240775 1818771	09/14/1999 02/13/2001	Iwerks Entertainment, Inc.	REGISTERED
EXTREME SCREEN	I122 GSL/HAC	34240-AUS AUSTRALIA	TM 09	796039 796039	06/02/1999 03/19/2001	Iwerks Entertainment, Inc.	REGISTERED
EXTREME SCREEN	I122 GSL/HAC	34240-BRA BRAZIL	TM 09	\$21920499	08/23/1999	Iwerks Entertainment, Inc.	PUBLISHED 10/19/1999
EXTREME SCREEN	I122 GSL/HAC	34240-CAN CANADA	TM 09	1017676	06/02/1999	Iwerks Entertainment, Inc.	ALLOWED 02/15/2001
EXTREME SCREEN	I122 GSL/HAC	34240-ENG UNITED KINGDOM	TM 09	2196261 2196261	04/30/1999 05/12/2000	Iwerks Entertainment, Inc.	REGISTERED
EXTREME SCREEN	I122 GSL/HAC	34240-FRA FRANCE	TM 09	99797257	06/14/1999	Iwerks Entertainment, Inc.	ABANDONED 10/08/1999
EXTREME SCREEN	I122 GSL/HAC	34240-FRA (A) FRANCE	TM/SM 09, 37, 38	99812795 99812795	09/17/1999 02/25/2000	Iwerks Entertainment, Inc.	REGISTERED
EXTREME SCREEN	I122 GSL/HAC	34240-GRB GREECE	TM 09	141442	08/12/1999	Iwerks Entertainment, Inc.	PENDING
EXTREME SCREEN	I122 GSL/HAC	34240-ITA ITALY	TM 09	TO99C002857	09/16/1999	Iwerks Entertainment, Inc.	PENDING
EXTREME SCREEN	I122 GSL/HAC	34240-JPN JAPAN	TM 09	79996/1999	09/03/1999	Iwerks Entertainment, Inc.	ABANDONED 10/06/2001
EXTREME SCREEN	I122 GSL/HAC	34240-KOR KOREA	SM 41	41-00-5652 64146	03/06/2000 10/23/2000	Iwerks Entertainment, Inc.	REGISTERED
EXTREME SCREEN	I122 GSL/HAC	34240-MAY MALAYSIA	TM 09	99/05114	06/14/1999	Iwerks Entertainment, Inc.	PENDING
EXTREME SCREEN	I122 GSL/HAC	34240-POR PORTUGAL	TM 09	339287	08/23/1999	Iwerks Entertainment, Inc.	ABANDONED 09/17/2001

CONFIDENTIAL
 1122 - IWERKS ENTERTAINMENT, INC.
 U.S. AND FOREIGN MARK PROGRAM

LISTED IN ALPHABETICAL ORDER

MARK	CLASS	REG. NO.	TYPE	SERIAL NO.	FILED	OWNER	STATUS
EXTREME SCREEN	1122 GSL/HAC	34240-PRC CHINA	TM 09	9900094600	08/12/1999	Iwerks Entertainment, Inc.	ABANDONED 07/23/2001
EXTREME SCREEN	1122 GSL/HAC	34240-SIN SINGAPORE	TM 09	T99/061772	06/17/1999	Iwerks Entertainment, Inc.	PENDING
EXTREME SCREEN	1122 GSL/HAC	34240-TAI TAIWAN	TM 09	8827979 911724	06/08/1999 11/01/2000	Iwerks Entertainment, Inc.	REGISTERED
EXTREME SCREEN	1122 GSL/HAC	34240-USA UNITED STATES	SM 41	75/662412 2491211	03/17/1999 09/14/2001	Iwerks Entertainment, Inc.	REGISTERED
FREEDOM SIX	1122 GSL/HAC	30083-USA UNITED STATES	TM 17	74/291192 1761027	07/06/1992 03/30/1993	Off Corp.	LITSEP 03/01/1999
IWERKS	1122 GSL/HAC	31037-JPN (01) JAPAN	TM 09	6-32126 3239714	04/01/1994 12/23/1996	Iwerks Entertainment, Inc.	REGISTERED
IWERKS	1122 GSL/HAC	31037-JPN (02) JAPAN	SM 41	632127	04/01/1994	Iwerks Entertainment, Inc.	PENDING
IWERKS	1122 GSL/HAC	33084-USA UNITED STATES	TM 09	74/491964 1936434	02/18/1994 11/21/1995	Iwerks Entertainment, Inc.	REGISTERED
IWERKS	1122 GSL/HAC	33085-USA UNITED STATES	TM 141, 42	74/492049 1994353	02/18/1994 08/20/1996	Iwerks	REGISTERED
LINEAR LOOP	1122 GSL/HAC	30622-ECM EUROPEAN COMMUNITY	TM 09	167080 167080	04/01/1996 11/25/1998	Iwerks Entertainment, Inc.	REGISTERED
LINEAR LOOP	1122 GSL/HAC	30622-USA UNITED STATES	TM 9	75/079584 2240071	03/28/1996 04/20/1999	Iwerks Entertainment, Inc.	REGISTERED
MOTION MASTER	1122 GSL/HAC	30089-USA UNITED STATES	SM 137	705979 1545661	01/19/1988 06/27/1989	Off Corp.	REGISTERED
OMNI FILMS INTERNATIONAL, INC. and design	1122 GSL/HAC	30088-USA UNITED STATES	SM 141	630324 1545696	03/26/1987 06/27/1989	Off Corp.	REGISTERED
THE MOVIE YOU RIDE	1122 GSL/HAC	30081-USA UNITED STATES	SM 141	74/505660 1963701	03/25/1994 03/26/1990	Off Corp.	REGISTERED
TURBO RIDE	1122 GSL/HAC	31038-ECM EUROPEAN COMMUNITY	SM 41	175679 175679	04/01/1996 01/20/1999	Iwerks Entertainment, Inc.	REGISTERED
TURBO RIDE	1122 GSL/HAC	31038-JPN JAPAN	SM 41	632129	04/01/1994	Iwerks Entertainment, Inc.	PENDING
TURBO RIDE	1122 GSL/HAC	33083-USA UNITED STATES	TM 41	74/485234 1922532	02/01/1994 09/26/1995	Iwerks	REGISTERED
TURBO RIDE and design	1122 GSL/HAC	32459-ECM EUROPEAN COMMUNITY	SM 141	175612	04/01/1997	Iwerks Entertainment, Inc.	ABANDONED 05/20/1998
TURBO TOUR	1122	31039-JPN	TM	6-32128	04/01/1994	Iwerks Entertainment	REGISTERED

1122 - IWERKS ENTERTAINMENT, INC.
U.S. AND FOREIGN MARK PROGRAM

LISTED IN ALPHABETICAL ORDER

MARK	CLASS	COUNTRY	MARK TYPE	REGISTRATION NO.	ISSUE DATE	OWNER/REGISTRAR	STATUS
THEATRE	GSL/HAC	JAPAN	09	3239715	12/25/1996	Inc.	
VIRTUAL REALITY THEATRE	1122 GSL/HAC	31040-USA (01) UNITED STATES	TM 112	74/602162	11/22/1994	Iwerks Touring Technologies, Inc.	ABANDONED 11/12/1997
VIRTUAL REALITY THEATRE	1122 GSL/HAC	31040-USA (02) UNITED STATES	SM 141	74/602181	11/22/1994	Iwerks Touring Technologies, Inc.	ABANDONED 11/12/1997

SCHEDULE D**REAL ESTATE LOCATIONS FOR FIXTURES**

See locations listed above on Schedule A, if any.

SCHEDULE E**INVESTMENT PROPERTY AND DEPOSIT ACCOUNTS****A. INVESTMENT PROPERTY**

To be provided upon request.

B. DEPOSIT ACCOUNTS

To be provided upon request.

SCHEDULE F

COMMERCIAL TORT CLAIMS

None.

SCHEDULE G

SUPPLEMENT TO SECURITY AGREEMENT

THIS SUPPLEMENT TO SECURITY AGREEMENT (the "*Supplement*") is dated as of this ____ day of _____, 20__ from Iwerks Entertainment, Inc., a corporation organized under the laws of the State of Delaware (the "*Debtor*"), to BDC Capital Inc. (the "*Secured Party*").

PRELIMINARY STATEMENTS

A. The Debtor and the Secured Party are parties to that certain General Security Agreement dated as of June 29, 2018 (such Security Agreement, as the same may from time to time be amended, modified or restated, being hereinafter referred to as the "*Security Agreement*"). All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in the Security Agreement.

B. Pursuant to the Security Agreement, the Debtor granted to the Secured Party, among other things, a continuing security interest in all Commercial Tort Claims.

C. The Debtor has acquired a Commercial Tort Claim, and executes and delivers this Supplement to confirm and assure the Secured Party's security interest therein.

NOW, THEREFORE, in consideration of the benefits accruing to the Debtor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. In order to secure payment of the Secured Obligations, whether now existing or hereafter arising, the Debtor does hereby grant to the Secured Party a continuing lien on and security interest in the Commercial Tort Claim described below:

2. Schedule F (Commercial Tort Claims) to the Security Agreement is hereby amended to include reference to the Commercial Tort Claim referred to in Section 1 above. The Commercial Tort Claim described herein is in addition to, and not in substitution or replacement for, the Commercial Tort Claims heretofore described in and subject to the Security Agreement, and nothing contained herein shall in any manner impair the priority of the liens and security interests heretofore granted by the Debtor in favor of the Secured Party under the Security Agreement.

3. The Debtor agrees to execute and deliver such further instruments and documents and do such further acts and things as the Secured Party may deem necessary or proper to carry out more effectively the purposes of this Supplement.

4. No reference to this Supplement need be made in the Security Agreement or in any other document or instrument making reference to the Security Agreement, any reference to the Security Agreement in any of such items to be deemed a reference to the Security Agreement as supplemented hereby. The Debtor acknowledges that this Supplement shall be effective upon its execution and delivery by the Debtor to the Secured Party, and it shall not be necessary for the Secured Party to execute this Supplement or any other acceptance hereof or otherwise to signify or express its acceptance hereof.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY THEREIN.

IWERKS ENTERTAINMENT, INC.

By _____
Name _____
Title _____

EXECUTION VERSION

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "*Guaranty*") dated June 29, 2018,

is made by

GUARANTOR: IWERKS ENTERTAINMENT, INC., the "*Guarantor*";

in favor of

CREDITOR: BDC CAPITAL INC., with a business center at 121 King Street West, Suite 1200, Toronto, Ontario M5H 3T9, referred to as "*BDCC*";

in respect of obligations of

DEBTOR: SIMEX INC., "*Borrower*";

with respect to

DEBT: Loan Account No. 142586-01;

LIMIT OF LIABILITY: Unlimited

PRELIMINARY STATEMENTS

BDCC extended a loan or established one or more credit facilities in favor of the Borrower on terms and subject to certain conditions set out in a letter of offer dated June 15, 2018 (as amended by the letter agreement dated June 27, 2018, and as further amended from time to time, the "*Loan Agreement*") and the Borrower may from time to time hereafter obtain credit and other financial accommodations from BDCC and incur liabilities to BDCC under the Loan Agreement and the Loan Documents (which shall mean the "*Financing Documents*," as such term is defined in the Loan Agreement); and

As a condition to extending credit to the Borrower under the Loan Agreement, BDCC has required, among other things, that the Guarantor execute and deliver this Guaranty; and

The Borrower is an affiliate of the Guarantor and the Borrower provides the Guarantor with financial, management, administrative, and technical support which enables the Guarantor to conduct its businesses in an orderly and efficient manner in the ordinary course; and

The Guarantor will benefit, directly or indirectly, from credit and other financial accommodations extended by BDCC to the Borrower.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and in consideration of advances made or to be made, or credit accommodations

given or to be given, to the Borrower by BDCC from time to time, the Guarantor hereby agrees as follows:

1. All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Loan Agreement.

2. The Guarantor hereby guarantees to BDCC, the full and prompt payment when due (whether by lapse of time, acceleration, or otherwise) of (a) all indebtedness, obligations, and liabilities of the Borrower to BDCC, under or in connection with or evidenced by the Loan Agreement or any other Financing Document, including, without limitation, all indebtedness, obligations, and liabilities of the Borrower and the Guarantor, and of any of them, in each case whether now existing or hereafter arising (whether arising before or after the filing of a petition in bankruptcy and including, without limitation, all post-petition interest and fees in a bankruptcy or other similar proceeding, whether or not allowed), due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired, including, without limitation, all cancellation, standby and legal fees, and (b) all expenses and charges, legal or otherwise, suffered or incurred by BDCC in collecting or enforcing any of such indebtedness, obligations, and liabilities or in realizing on or protecting or preserving any security or guarantees therefor. The indebtedness, obligations and liabilities described in the immediately preceding clauses (a) and (b) are hereinafter referred to as the "*Guaranteed Indebtedness*". This is a guaranty of payment and not of collection, and in case the Borrower or other obligor fails to pay any Guaranteed Indebtedness when due, the Guarantor hereby agrees to make such payment or to cause such payment to be made punctually as and when the same shall become due and payable, whether at stated maturity, by acceleration or otherwise, and as if such payment were made by the Borrower or other obligor. Notwithstanding anything in this Guaranty to the contrary, the right of recovery against a Guarantor under this Guaranty shall not exceed \$1.00 less than the lowest amount which would render the Guarantor's obligations under this Guaranty void or voidable under applicable law, including fraudulent conveyance law.

3. The Guarantor further agrees to pay to BDCC (i) (without duplication) interest on the amount of the Guaranteed Indebtedness at the rate provided in the Financing Documents calculated and compounded monthly from the date BDCC demands payment under this Guaranty, and (ii) all costs and expenses, legal and/or otherwise (including court costs and reasonable attorneys' fees), paid or incurred by BDCC in endeavoring to collect the Guaranteed Indebtedness, or any part thereof, and in protecting, defending or enforcing this Guaranty in any litigation, bankruptcy or insolvency proceedings or otherwise.

4. The Guarantor agrees that it shall pay to BDCC upon demand the full amount of the Guaranteed Indebtedness then due (subject to the limitation on the right of recovery thereon with respect to the Guarantor as set forth in the last sentence of Section 2 above), whether or not any other obligor or guarantor shall then or thereafter pay any amount whatsoever in respect to their obligations hereunder. BDCC has the sole and absolute discretion to determine how sums shall be applied among guaranties of the obligations under the Financing Documents. The above limitation on liability set forth in the last sentence of Section 2 above is not a restriction on the amount of the obligations of Borrower to BDCC either in the aggregate or at any one time.

5. This Guaranty is a continuing, absolute, and unconditional guaranty, and shall remain in full force and effect until written notice of its discontinuance executed by the Borrower and the Guarantor shall be actually received by BDCC, and also until all of the Guaranteed Indebtedness which was created or existing before receipt of such notice shall be fully paid and satisfied and the commitments of BDCC to extend credit to the Borrower under the Loan Agreement shall have expired or terminated. The dissolution of any Borrower, any other guarantor or obligor, or the Guarantor shall not terminate this Guaranty until notice of such dissolution shall have been actually received by BDCC and all of the Guaranteed Indebtedness created or existing or committed to be extended before receipt of such notice shall be fully paid and satisfied. The granting of credit from time to time by BDCC to any Borrower or any guarantor in excess of the amount to which the right of recovery under this Guaranty is limited (if any) and without notice to the Guarantor is also hereby authorized and shall in no way affect or impair this Guaranty.

6. In case of the dissolution, liquidation or insolvency (howsoever evidenced) of, or the institution of bankruptcy or receivership proceedings against, any Borrower, any other guarantor or obligor, or the Guarantor, all of the Guaranteed Indebtedness which is then existing shall, at the option of BDCC, immediately become due or accrued and payable from the Guarantor. All payments received from any Borrower or the Guarantor or on account of the Guaranteed Indebtedness from whatsoever source shall be taken and applied as payment in gross, and this Guaranty shall apply to and secure any ultimate balance that shall remain owing to BDCC.

7. The liability hereunder shall in no way be affected or impaired by (and BDCC is hereby expressly authorized to make from time to time, without notice to the Guarantor), any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any of the Guaranteed Indebtedness, either express or implied, or of any Financing Document or any other contract or contracts evidencing any thereof, or of any security or collateral therefor or any guaranty thereof. The liability hereunder shall in no way be affected or impaired by any acceptance by BDCC of any security for or other guarantors upon any of the Guaranteed Indebtedness, or by any failure, neglect or omission on the part of BDCC to realize upon or protect any of the Guaranteed Indebtedness, or any collateral or security therefor, or to exercise any lien upon or right of appropriation of any moneys, credits or property of the Borrower or any other obligor or guarantor, toward the liquidation of the Guaranteed Indebtedness, or by any application of payments or credits thereon. BDCC shall have the exclusive right to determine how, when and what application of payments and credits, if any, shall be made on said Guaranteed Indebtedness, or any part of same. In order to hold the Guarantor liable hereunder, there shall be no obligation on the part of BDCC, at any time, to resort for payment to any Borrower or to any other obligor or guarantor, or to any other person, its property or estate, or resort to any collateral, security, property, liens or other rights or remedies whatsoever, and BDCC shall have the right to enforce this Guaranty against the Guarantor irrespective of whether or not other proceedings or steps are pending seeking resort to or realization upon or from any of the foregoing.

8. All diligence in collection or protection, and all presentment, demand, protest and/or notice, as to anyone and everyone, whether or not the Borrower, any other guarantor or obligor or guarantor, or the Guarantor or others, of dishonor and of default and of non-payment and of the creation and existence of any and all of said Guaranteed Indebtedness, and of any security and

collateral therefor, and of the acceptance of this Guaranty, and of any and all extensions of credit and indulgence hereunder, are expressly waived. No act of commission or omission of any kind, or at any time, upon the part of BDCC in respect to any matter whatsoever, shall in any way affect or impair this Guaranty.

9. The Guarantor agrees that it will not exercise or enforce any right of exoneration, contribution, reimbursement, recourse or subrogation available to the Guarantor against any person liable for payment of the Guaranteed Indebtedness, or as to any security therefor, unless and until the full amount owing to BDCC of the Guaranteed Indebtedness has been fully paid and satisfied and the commitments of BDCC to extend credit to the Borrower under the Loan Agreement shall have expired or terminated. The payment by the Guarantor of any amount or amounts to BDCC pursuant hereto shall not in any way entitle the Guarantor, either at law, in equity or otherwise, to any right, title or interest (whether by way of subrogation or otherwise) in and to the Guaranteed Indebtedness or any part thereof or any collateral security therefor or any other rights or remedies in any way relating thereto or in and to any amounts theretofor, then or thereafter paid or applicable to the payment thereof howsoever such payment may be made and from whatsoever source such payment may be derived unless and until all of the Guaranteed Indebtedness and all costs and expenses suffered or incurred by BDCC in enforcing this Guaranty have been paid and satisfied in full and the commitments of BDCC to extend credit to the Borrower under the Loan Agreement shall have expired or terminated; and unless and until such payment in full and termination, any payments made by the Guarantor hereunder and any other payments from whatsoever source derived on account of or applicable to the Guaranteed Indebtedness or any part thereof shall be held and taken to be merely payments in gross to BDCC reducing pro tanto the Guaranteed Indebtedness.

10. To the extent permitted by the Loan Agreement, BDCC may, without any notice whatsoever to the Guarantor, sell, assign or transfer all of the Guaranteed Indebtedness, or any part thereof, or grant participations therein, and in that event each and every immediate and successive assignee, transferee or holder of all or any part of the Guaranteed Indebtedness shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits; but BDCC shall have an unimpaired right to enforce this Guaranty for its own benefit, as to so much of the Guaranteed Indebtedness that it has not sold, assigned or transferred.

11. The Guarantor waives any and all defenses, claims, and discharges of the Borrower and of any other obligor pertaining to the Guaranteed Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against BDCC any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Borrower or any other person liable in respect of any of the Guaranteed Indebtedness, or any set-off available against BDCC to the Borrower or any such other person, whether or not on account of a related transaction. The Guarantor agrees that the Guarantor shall be and remain liable for any deficiency remaining after foreclosure or other realization on any lien or security interest securing the Guaranteed

Indebtedness, whether or not the liability of the Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

Without limiting the foregoing, the Guarantor waives any defense to liability arising from (a) any defense of any other person; (b) the cessation, other than by payment and performance in full, of the Guaranteed Indebtedness or Borrower's liability therefor; (c) the use of any property financed in connection with the Guaranteed Indebtedness for purposes other than those understood by the Guarantor; (d) any act or omission by BDCC which directly or indirectly discharges Borrower on any Guaranteed Indebtedness or which increases the probability or amount of the Guarantor's liability hereunder; (e) failure by BDCC to enforce or delay in enforcing BDCC's rights as to the Guaranteed Indebtedness; (f) an impairment of any security for the Guaranteed Indebtedness or any guaranty thereof; or (g) any other rights, privileges, defenses or protections available to the Guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code. Until all Guaranteed Indebtedness is paid, the Guarantor shall have no subrogation rights against Borrower or right of reimbursement, indemnification or contribution because of the performance of this Guaranty. The Guarantor's waivers include a waiver of any rights and defenses which the Guarantor may have because any Guaranteed Indebtedness is secured by real property. This means, among other things, that (a) BDCC may collect from the Guarantor without first foreclosing on any real or personal property security pledged by Borrower for any Guaranteed Indebtedness and (b) if BDCC forecloses on any real property security pledged by Borrower for any Guaranteed Indebtedness: (i) the amount of the Guaranteed Indebtedness may be reduced only by the price for which that security is sold at the foreclosure sale, even if the security is worth more than the sale price, and (ii) BDCC may collect from the Guarantor even if BDCC, by foreclosing on the real property security, has destroyed any right the Guarantor may have to collect from Borrower. This is an unconditional waiver, as are all other waivers in this Guaranty, which relate to any rights and defenses the Guarantor may have because Guaranteed Indebtedness is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure. Further in this respect, the Guarantor waives all rights and defenses arising out of an election of remedies by BDCC, even though that election of remedies, such as a nonjudicial foreclosure with respect to real property security for any Guaranteed Indebtedness, has destroyed the Guarantor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

EACH OF THE WAIVERS SET FORTH ABOVE ARE MADE WITH THE GUARANTOR'S FULL KNOWLEDGE OF THEIR SIGNIFICANCE AND CONSEQUENCES, INCLUDING THAT WITHOUT THESE WAIVERS THE GUARANTOR MIGHT BE ABLE TO AVOID FURTHER LIABILITY UNDER THIS GUARANTY UPON THE OCCURRENCE OF AN EVENT TO WHICH A WAIVER RELATES, AND THE GUARANTOR BELIEVES THAT UNDER THE CIRCUMSTANCES THE WAIVERS ARE REASONABLE AND NOT CONTRARY TO PUBLIC POLICY OR LAW. Waivers determined to be contrary to any applicable law or public policy shall be effective to the extent permitted by law.

12. If any payment applied by BDCC to the Guaranteed Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of any Borrower or any other obligor), the Guaranteed Indebtedness to which such payment was applied shall for the purposes of this

Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such of the Guaranteed Indebtedness as fully as if such application had never been made.

13. BDCC may at any time or from time to time release any other guarantor or person liable in respect of any of the Guaranteed Indebtedness from its obligations or effect any compromise with any such obligor; and no such release or compromise shall in any manner impair or otherwise affect the obligations hereunder of the Guarantor or release, compromise or discharge the obligations of the Guarantor hereunder.

14. The Guarantor hereby represents and warrants that: (a) it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, and has the power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage; (b) it has the power and authority to execute, deliver and carry out the terms and provisions of this Guaranty and all other Financing Documents executed by it and has taken all necessary action to authorize the execution, delivery and performance of this Guaranty and all other Financing Documents executed by it; (c) it has duly executed and delivered this Guaranty and all other Financing Documents executed by it and this Guaranty and all other Financing Documents executed by it constitutes the legal, valid, and binding agreements of the Guarantor enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law); (d) the execution, delivery, and performance by the Guarantor of this Guaranty and the other Financing Documents executed by it will not (i) contravene any provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality applicable to the Guarantor or its properties and assets, or (ii) conflict with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of the Guarantor pursuant to the terms of its organizational documents (*e.g.*, charter, certificate or articles of incorporation and by-laws, certificate or articles of association and operating agreement, partnership agreement, or other similar document) or any promissory note, bond, debenture, indenture, mortgage, deed of trust, credit or loan agreement, or any other material agreement or other instrument, to which the Guarantor is a party or by which it or any of its property or assets are bound or to which it may be subject; (e) no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize or is required as a condition to (i) the execution, delivery and performance by the Guarantor of this Guaranty or any of the other Financing Documents executed by it, or (ii) the legality, validity, binding effect or enforceability of this Guaranty or of any other Financing Document executed by it and (f) there are no actions, suits or proceedings pending or, to, the knowledge of the Guarantor, threatened with respect to the Guarantor which question the validity or enforceability of this Guaranty or any of the other Financing Documents executed by it, or of any action to be taken by the Guarantor pursuant to this Guaranty.

15. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful provisions and applications hereof, and to this end the provisions of this Guaranty are declared to be severable. Without limiting the generality of the foregoing, any invalidity or unenforceability against any other guarantor of any provision or application of any other guaranty with respect to the Guaranteed Indebtedness shall not affect the validity or enforceability of the provisions of this Guaranty.

16. Any demand for payment on this Guaranty or any other notice required or desired to be given hereunder to the Guarantor, and any notice given to BDCC shall be in writing and shall be given in person, or by letter sent by fax, mail or courier, to the address or fax number set forth on the appropriate signature page hereof, or such other address or fax number as such party may hereafter specify by notice to BDCC given in the manner herein provided. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient).

17. All payments to be made by the Guarantor hereunder shall be made in the same currency and funds in which the underlying Guaranteed Indebtedness is payable and made at the address of BDCC set forth on the signature page hereof (or at such other place for the account of BDCC as it may from time to time specify to the Guarantor) in immediately available and freely transferable funds at the place of payment, all such payments to be paid without set-off, counterclaim or reduction and without deduction for, and free from, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholding or liabilities with respect thereto or any restrictions or conditions of any nature. If the Guarantor is required by law to make any deduction or withholding on account of any tax or other withholding or deduction from any sum payable by the Guarantor hereunder, the Guarantor shall pay any such tax or other withholding or deduction and shall pay such additional amount necessary to ensure that, after making any payment, deduction or withholding, BDCC shall receive and retain (free of any liability in respect of any payment, deduction or withholding) a net sum equal to what it would have received and so retained hereunder had no such deduction, withholding or payment been required to have been made.

18. The payment by the Guarantor of any amount or amounts due BDCC hereunder shall be made in the same currency (the "*relevant currency*") and funds in which the underlying Guaranteed Indebtedness is payable. To the fullest extent permitted by law, the obligation of the Guarantor in respect of any amount due in the relevant currency under this Guaranty shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that BDCC may, in accordance with its normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the business day immediately following the day on which BDCC receives such payment. If the amount in the relevant currency that may be so purchased for any reason falls short of the amount originally due, the Guarantor shall pay such additional amounts, in the relevant currency, as may be necessary to compensate for the shortfall. Any obligations of the Guarantor not discharged by such payment shall, to the fullest extent

permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

19. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY THEREIN and may not be waived, amended, released or otherwise changed except by a writing signed by BDCC. This Guaranty and every part thereof shall be effective upon delivery to BDCC, without further act, condition or acceptance by BDCC, shall be binding upon the Guarantor and upon the legal representatives, successors, and assigns of the Guarantor, and shall inure to the benefit of BDCC, its successors, legal representatives, and assigns. The Guarantor waives notice of BDCC's acceptance hereof. This Guaranty may be executed in counterparts and by different parties hereto on separate counterpart signature pages each of which shall be an original, but all together to be one and the same instrument.

20. The Guarantor hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in the County of New York for purposes of all legal proceedings arising out of or relating to this Guaranty or the transactions contemplated hereby. The Guarantor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such court has been brought in an inconvenient forum. THE GUARANTOR AND BDCC EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty Agreement to be executed and delivered as of the date first above written.

“GUARANTOR”

IWERKS ENTERTAINMENT, INC.

By: 

Name: Michael Needham

Title: President and Chief Executive
Officer

Address:

210 King Street East, Suite 600

Toronto, ON M5A 1J7 Canada


Telephone: 416-597-1585 x208

Fax: 416-597-0350

Email: Milan Ghosh: milangh@simex.ca

Accepted and agreed to as of the date first above written.

BDC CAPITAL INC.

By 

Name	<u>Kyle Feucht</u>
	<u>Director</u>
Title	<u>Growth & Transition Capital</u>

and

By 

Name	<u>Angelo Zeni</u>
	<u>Managing Director</u>
Title	<u>Growth & Transition Capital</u>

Address:
 121 King Street West, Suite 1200
 Toronto, Ontario M5H 3T9 Canada
 Fax: (416) 954-5002

IMPORTANT NOTICE TO GUARANTOR

You are being asked to guarantee this debt. Think carefully before you do. If the debtor doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may also have to pay late fees or collection costs, which increase this amount.

BDCC can collect this debt from you without first trying to collect from the debtor. BDCC can use the same collection methods against you that can be used against the debtor, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become part of your credit record.

This notice is not the contract that makes you liable for the debt.

EXECUTION VERSION

GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT (this "*Agreement*") dated June 29, 2018,

is made by

DEBTOR: SIMEX-IWERKS MYRTLE BEACH, LLC, a limited liability company, organized under the laws of the State of South Carolina with a mailing address at 1199 Celebrity Circle, Suite 2700, Myrtle Beach, SC 29577, USA, the "*Debtor*";

in favor of

SECURED PARTY: BDC CAPITAL INC., with a business center at 121 King Street West, Suite 1200, Toronto, Ontario M5H 3T9, the "*Secured Party*" or "*BDCC*";

DEBT: Obligations of the Debtor in respect of the Loan Documents (as defined below) for Loan Account No. 142586-01

PRELIMINARY STATEMENTS

BDCC extended a loan or established one or more credit facilities in favor of SimEx Inc. (the "*Borrower*") on terms and subject to certain conditions set out in a letter of offer dated June 15, 2018 (as amended by the letter agreement dated June 27, 2018, and as further amended from time to time, the "*Loan Agreement*") and the Borrower may from time to time hereafter obtain credit and other financial accommodations from BDCC and incur liabilities to BDCC under the Loan Agreement and the Loan Documents (which shall mean the "*Financing Documents*," as such term is defined in the Loan Agreement); and

As a condition to extending credit to the Borrower under the Loan Agreement, BDCC has required, among other things, that the Debtor execute and deliver a Guaranty Agreement dated as of the date hereof (the "*Guaranty*") and this Agreement; and

The Borrower is an affiliate of the Debtor and the Borrower provides the Debtor with financial, management, administrative, and technical support which enables the Debtor to conduct its businesses in an orderly and efficient manner in the ordinary course; and

The Debtor will benefit, directly or indirectly, from credit and other financial accommodations extended by BDCC to the Borrower.

NOW, THEREFORE, in consideration of the benefits accruing to the Debtor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Grant of Security Interest. The Debtor hereby grants to the Secured Party a lien on and security interest in, and acknowledges and agrees that the Secured Party has and shall continue to have a continuing lien on and security interest in, all right, title and interest of the Debtor, whether now owned or existing or hereafter created, acquired or arising, in and to all of the following:

- (a) Accounts;
- (b) Chattel Paper;
- (c) Instruments (including Promissory Notes);
- (d) Documents;
- (e) General Intangibles (including Payment Intangibles and Software, patents, trademarks, tradestyles, copyrights, and all other intellectual property rights, including all applications, registration, and licenses therefor, and all goodwill of the business connected therewith or represented thereby);
- (f) Letter-of-Credit Rights;
- (g) Supporting Obligations;
- (h) Deposit Accounts;
- (i) Investment Property (including certificated and uncertificated Securities, Securities Accounts, Security Entitlements, Commodity Accounts, and Commodity Contracts);
- (j) Inventory;
- (k) Equipment (including all software, whether or not the same constitutes embedded software, used in the operation thereof);
- (l) Fixtures;
- (m) Commercial Tort Claims (as described on Schedule F hereto or on one or more supplements to this Agreement);
- (n) Rights to merchandise and other Goods (including rights to returned or repossessed Goods and rights of stoppage in transit) which is represented by, arises from, or relates to any of the foregoing;
- (o) Monies, personal property, and interests in personal property of the Debtor of any kind or description now held by the Secured Party or at any time hereafter transferred or delivered to, or coming into the possession, custody, or control of, the Secured Party, or

any agent or affiliate of the Secured Party, whether expressly as collateral security or for any other purpose (whether for safekeeping, custody, collection or otherwise), and all dividends and distributions on or other rights in connection with any such property;

(p) Supporting evidence and documents relating to any of the above-described property, including, without limitation, computer programs, disks, tapes and related electronic data processing media, and all rights of the Debtor to retrieve the same from third parties, written applications, credit information, account cards, payment records, correspondence, delivery and installation certificates, invoice copies, delivery receipts, notes, and other evidences of indebtedness, insurance certificates and the like, together with all books of account, ledgers, and cabinets in which the same are reflected or maintained;

(q) Accessions and additions to, and substitutions and replacements of, any and all of the foregoing; and

(r) Proceeds and products of the foregoing, and all insurance of the foregoing and proceeds thereof;

all of the foregoing being herein sometimes referred to as the "*Collateral*". All terms which are used in this Agreement which are defined in the Uniform Commercial Code of the State of New York as in effect from time to time ("*UCC*") shall have the same meanings herein as such terms are defined in the UCC, unless this Agreement shall otherwise specifically provide. For purposes of this Agreement, the term "*Receivables*" means all rights to the payment of a monetary obligation, whether or not earned by performance, and whether evidenced by an Account, Chattel Paper, Instrument, General Intangible, or otherwise.

Section 2. Obligations Hereby Secured. The lien and security interest herein granted and provided for is made and given to secure, and shall secure, the payment and performance of (a) any and all indebtedness, obligations, and liabilities of whatsoever kind and nature of the Debtor to the Secured Party under the Guaranty and this Agreement (whether arising before or after the filing of a petition in bankruptcy), whether direct or indirect, absolute or contingent, due or to become due, and whether now existing or hereafter arising and howsoever held, evidenced, or acquired, and whether several, joint, or joint and several, including without limitation all obligations under the Guaranty and (b) any and all expenses and charges, legal or otherwise, incurred by the Secured Party in collecting or enforcing any of such indebtedness, obligations, or liabilities or in realizing on or protecting or preserving any security therefor, including, without limitation, the lien and security interest granted hereby, in each case, to the extent required to be paid by the Guarantor under the Guaranty or under this Agreement (all of the foregoing being hereinafter referred to as the "*Secured Obligations*").

Section 3. Covenants, Agreements, Representations and Warranties. The Debtor hereby covenants and agrees with, and represents and warrants to, the Secured Party that:

(a) The Debtor is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware. The Debtor shall not change its jurisdiction of organization

without the Secured Party's prior written consent. The Debtor is the sole and lawful owner of the Collateral, and has full right, power, and authority to enter into this Agreement and to perform each and all of the matters and things herein provided for. The execution and delivery of this Agreement, and the observance and performance of each of the matters and things herein set forth, will not (i) contravene or constitute a default under any provision of law or any judgment, injunction, order, or decree binding upon the Debtor or any provision of the Debtor's organizational documents (*e.g.*, charter, articles or certificate of incorporation and by-laws, articles or certificate of formation and limited liability company operating agreement, partnership agreement, or similar organizational documents) or any material indenture, or agreement of or affecting the Debtor or any of its property or (ii) result in the creation or imposition of any lien or encumbrance on any property of the Debtor except for the lien and security interest granted to the Secured Party hereunder.

(b) The Debtor's chief executive office and principal place of business is at, and the Debtor keeps and shall keep all of its books and records relating to Receivables only at, 1199 Celebrity Circle, Suite 2700, Myrtle Beach, SC 29577; and the Debtor has no other executive offices or places of business other than those listed under Item 1 on Schedule A. The Collateral is and shall remain in the Debtor's possession or control at the locations listed under Item 2 on Schedule A attached hereto (as such locations may be amended or supplemented from time to time with written notice to the Secured Party as provided below, the "*Permitted Collateral Locations*"), except for Collateral which (x) in the ordinary course of the Debtor's business is in transit between Permitted Collateral Locations, (y) in the ordinary course of the Debtor's business is out for repair or (z) is otherwise *de minimis* in value. If for any reason any Collateral is at any time kept or located at a location other than a Permitted Collateral Location, the Secured Party shall nevertheless have and retain a lien on and security interest therein. The Debtor owns and shall at all times own all Permitted Collateral Locations, except to the extent otherwise disclosed under Item 2 on Schedule A. The Debtor shall not move its chief executive office or maintain a place of business at a location other than those specified under Item 1 on Schedule A or permit the Collateral to be located at a location other than those specified under Item 2 on Schedule A, in each case without first providing the Secured Party 30 days' prior written notice of the Debtor's intent to do so (at which time Schedule A will be deemed amended or supplemented with such additional or modified locations); *provided* that the Debtor shall at all times maintain its chief executive office and, unless otherwise specifically agreed to in writing by the Secured Party, Permitted Collateral Locations in the United States of America and, with respect to any new chief executive office or place of business or location of Collateral, the Debtor shall have taken all action reasonably requested by the Secured Party to maintain the lien and security interest of the Secured Party in the Collateral at all times fully perfected and in full force and effect.

(c) The Debtor's legal name and jurisdiction of organization is correctly set forth in the first paragraph of this Agreement. The Debtor has not transacted business at any time during the immediately preceding five-year period, and does not currently transact business, under any other legal names or trade names other than the prior legal names and trade names (if any) set forth on Schedule B attached hereto. The Debtor shall not change its legal name or transact business under any other trade name without first giving 30 days' prior written notice of its intent to do so to the Secured Party.

(d) The Collateral and every part thereof is and shall be free and clear of all security interests, liens (including, without limitation, mechanics', laborers' and statutory liens), attachments, levies, and encumbrances of every kind, nature and description, whether voluntary or involuntary, except for the lien and security interest of the Secured Party therein and as otherwise permitted by the Loan Agreement. The Debtor shall warrant and defend the Collateral against any claims and demands of all persons at any time claiming the same or any interest in the Collateral adverse to the Secured Party (other than Permitted Liens).

(e) The Debtor shall promptly pay when due all taxes, assessments, and governmental charges and levies upon or against the Debtor or any of the Collateral, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings which prevent foreclosure or other realization upon any of the Collateral and preclude interference with the operation of the Debtor's business in the ordinary course, and the Debtor shall have established adequate reserves therefor.

(f) The Debtor shall not use, manufacture, sell, or distribute any Collateral in violation of any statute, ordinance, or other governmental requirement. Except to the extent that such items are deemed (in the exercise of the Debtor's good faith business judgment) of immaterial value or obsolete, the Debtor shall not waste or destroy the Collateral or any part thereof or be negligent in the care or use of any Collateral. Except to the extent any contract or other agreement constituting part of the Collateral is deemed to be immaterial or the Debtor has otherwise decided in the good faith exercise of its business judgment to abandon such contract or other agreement, the Debtor shall perform in all material respects its obligations under any contract or other agreement constituting part of the Collateral, it being understood and agreed that the Secured Party has no responsibility to perform such obligations.

(g) Subject to Sections 4(b), 6(b), 6(c), and 7(c) hereof and the terms of the Loan Agreement, the Debtor shall not, without the Secured Party's prior written consent, sell, assign, mortgage, lease, or otherwise dispose of the Collateral or any interest therein.

(h) The Debtor shall at all times insure the Collateral consisting of tangible personal property against such risks and hazards as other persons similarly situated insure against, and including in any event loss or damage by fire, theft, burglary, pilferage, loss in transit and such other hazards as the Secured Party may reasonably specify, and in accordance with Schedule A of the Loan Agreement. All insurance required hereby shall be maintained in amounts and under policies and with insurers reasonably acceptable to the Secured Party, and all such policies shall contain loss payable clauses naming the Secured Party as loss payee as its interest may appear (and, if the Secured Party requests, naming the Secured Party as an additional insured therein) in a form reasonably acceptable to the Secured Party. All premiums on such insurance shall be paid by the Debtor. Certificates of insurance evidencing compliance with the foregoing and, at the Secured Party's request, the policies of such insurance shall be delivered by the Debtor to the Secured Party. All insurance required hereby shall provide that any loss shall be payable to the Secured Party notwithstanding any act or negligence of the Debtor, shall provide that no cancellation thereof shall be effective until at least 30 days after receipt by the Debtor and the Secured Party of written notice thereof, and shall be reasonably satisfactory to the Secured Party in all other respects. In case of any material loss, damage to or destruction of the Collateral or any

part thereof, the Debtor shall promptly give written notice thereof to the Secured Party generally describing the nature and extent of such damage or destruction. In case of any loss, damage to or destruction of the Collateral or any part thereof, the Debtor, whether or not the insurance proceeds, if any, received on account of such damage or destruction shall be sufficient for that purpose, at the Debtor's cost and expense, shall promptly repair or replace the Collateral so lost, damaged, or destroyed, except to the extent such Collateral, prior to its loss, damage, or destruction, had become uneconomical, obsolete, or worn out and is not necessary for or of importance to the proper conduct of the Debtor's business in the ordinary course or otherwise agreed to in writing by the Secured Party. In the event the Debtor shall receive any proceeds of such insurance, the Debtor will give notice as required by Schedule A of the Loan Agreement, and upon request, the Debtor shall immediately pay over such proceeds to the Secured Party. The Debtor hereby authorizes the Secured Party, at the Secured Party's option, to adjust, compromise, and settle any losses under any insurance afforded at any time during the existence of any Event of Default, and the Debtor does hereby irrevocably constitute the Secured Party, and each of its nominees, officers, agents, attorneys, and any other person whom the Secured Party may designate, as the Debtor's attorneys-in-fact, with full power and authority to effect such adjustment, compromise, and/or settlement and to endorse any drafts drawn by an insurer of the Collateral or any part thereof and to do everything necessary to carry out such purposes and to receive and receipt for any unearned premiums due under policies of such insurance. Unless the Secured Party elects to adjust, compromise, or settle losses as aforesaid, any adjustment, compromise, and/or settlement of any losses under any insurance shall be made by the Debtor subject to final approval of the Secured Party (regardless of whether or not an Event of Default shall have occurred) in the case of losses exceeding \$50,000. Net insurance proceeds received by the Secured Party under the provisions hereof or under any policy of insurance covering the Collateral or any part thereof shall be applied to the reduction of the Secured Obligations (whether or not then due); *provided, however*, that the Secured Party agrees to release such insurance proceeds to the Debtor for replacement or restoration of the portion of the Collateral lost, damaged, or destroyed if, but only if, (i) at the time of release no Event of Default exists, (ii) written application for such release is received by the Secured Party from the Debtor within 30 days of receipt of such proceeds, and (iii) the Secured Party has received evidence reasonably satisfactory to it that the Collateral lost, damaged, or destroyed has been or will be replaced or restored to its condition immediately prior to the loss, destruction, or other event giving rise to the payment of such insurance proceeds. All insurance proceeds shall be subject to the lien and security interest of the Secured Party hereunder.

UNLESS THE DEBTOR PROVIDES THE SECURED PARTY WITH EVIDENCE OF THE INSURANCE COVERAGE REQUIRED BY THIS AGREEMENT, THE SECURED PARTY MAY PURCHASE INSURANCE AT THE DEBTOR'S EXPENSE TO PROTECT THE SECURED PARTY'S INTERESTS IN THE COLLATERAL. THIS INSURANCE MAY, BUT NEED NOT, PROTECT THE DEBTOR'S INTERESTS IN THE COLLATERAL. THE COVERAGE PURCHASED BY THE SECURED PARTY MAY NOT PAY ANY CLAIMS THAT THE DEBTOR MAKES OR ANY CLAIM THAT IS MADE AGAINST THE DEBTOR IN CONNECTION WITH THE COLLATERAL. THE DEBTOR MAY LATER CANCEL ANY SUCH INSURANCE PURCHASED BY THE SECURED PARTY, BUT ONLY AFTER PROVIDING THE SECURED PARTY WITH EVIDENCE THAT THE DEBTOR HAS OBTAINED INSURANCE AS REQUIRED BY THIS AGREEMENT. IF THE SECURED PARTY PURCHASES INSURANCE FOR THE COLLATERAL, THE DEBTOR WILL BE RESPONSIBLE FOR THE COSTS OF THAT INSURANCE, INCLUDING INTEREST AND ANY OTHER CHARGES THAT THE SECURED PARTY MAY IMPOSE IN CONNECTION WITH THE PLACEMENT OF THE INSURANCE, UNTIL THE EFFECTIVE DATE OF THE

CANCELLATION OR EXPIRATION OF THE INSURANCE. THE COSTS OF THE INSURANCE MAY BE ADDED TO THE SECURED OBLIGATIONS SECURED HEREBY. THE COSTS OF THE INSURANCE MAY BE MORE THAN THE COST OF INSURANCE THE DEBTOR MAY BE ABLE TO OBTAIN ON ITS OWN.

(i) The Debtor shall at all times allow the Secured Party and its representatives free access to and right of inspection of the Collateral; *provided* that, unless the Secured Party believes in good faith an Event of Default exists, any such access or inspection shall only be required during the Debtor's normal business hours upon reasonable notice.

(j) If any Collateral is in the possession or control of any of the Debtor's agents or processors and the Secured Party so requests, the Debtor agrees to notify such agents or processors in writing of the Secured Party's security interest therein and instruct them to hold all such Collateral for the Secured Party's account and subject to the Secured Party's instructions. The Debtor shall, upon the request of the Secured Party, authorize and instruct all bailees and other parties, if any, at any time processing, labeling, packaging, holding, storing, shipping, or transferring all or any part of the Collateral to permit the Secured Party and its representatives to examine and inspect any of the Collateral then in such party's possession and to verify from such party's own books and records any information concerning the Collateral or any part thereof which the Secured Party or its representatives may seek to verify. As to any premises not owned by the Debtor wherein any of the Collateral is located, the Debtor shall, at the Secured Party's request, cause each party having any right, title or interest in, or lien on, any of such premises to enter into an agreement (any such agreement to contain a legal description of such premises) whereby such party disclaims any right, title and interest in, and lien on, the Collateral and allows the removal of such Collateral by the Secured Party and is otherwise in form and substance reasonably acceptable to the Secured Party; *provided, however*, that no such agreement need be obtained with respect to any one location wherein the value of the Collateral as to which such agreement has not been obtained aggregates less than \$50,000 at any one time.

(k) The Debtor agrees from time to time to deliver to the Secured Party such evidence of the existence, identity, and location of the Collateral and of its availability as collateral security pursuant hereto (including, without limitation, schedules describing all Receivables created or acquired by the Debtor, copies of customer invoices or the equivalent, and original shipping or delivery receipts for all merchandise and other goods sold or leased or services rendered, together with the Debtor's warranty of the genuineness thereof, and reports stating the book value of Inventory and Equipment by major category and location), in each case as the Secured Party may reasonably request. The Secured Party shall have the right to verify all or any part of the Collateral in any manner, and through any medium, which the Secured Party considers appropriate (including, without limitation, the verification of Collateral by use of a fictitious name), and the Debtor agrees to furnish all assistance and information, and perform any acts, which the Secured Party may reasonably require in connection therewith.

(l) The Debtor shall comply in all material respects with the terms and conditions of all leases, easements, right-of-way agreements, and other similar agreements binding upon the Debtor or affecting the Collateral or any part thereof, and all orders, ordinances, laws, and statutes of any city, state, or other governmental entity, department, or agency having jurisdiction with respect to the premises wherein such Collateral is located or the conduct of business thereon.

(m) Schedule C attached hereto contains a true, complete, and current listing of all patents, trademarks, tradestyles, copyrights, and other intellectual property rights (including all applications therefor) owned by the Debtor as of the date hereof that are registered with any governmental authority. To the extent required by the Loan Agreement or if requested by Secured Party, the Debtor shall promptly notify the Secured Party in writing of any additional registered intellectual property rights (or applications therefor) acquired or arising after the date hereof, and shall submit to the Secured Party a supplement to Schedule C to reflect such additional rights (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein). The Debtor owns or possesses rights to use all franchises, licenses, patents, trademarks, trade names, tradestyles, copyrights, and rights with respect to the foregoing which are required to conduct its business. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and the Debtor is not liable to any person for infringement under applicable law with respect to any such rights as a result of its business operations.

(n) Schedule F attached hereto contains a true, complete and current listing of all Commercial Tort Claims held by the Debtor as of the date hereof, each described by reference to the specific incident given rise to the claim. The Debtor agrees to execute and deliver to the Secured Party a supplement to this Agreement in the form attached hereto as Schedule G, or in such other form acceptable to the Secured Party, promptly upon becoming aware of any other Commercial Tort Claim held or maintained by the Debtor arising after the date hereof (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein).

(o) The Debtor agrees to execute and deliver to the Secured Party such further agreements, assignments, instruments, and documents and to do all such other things as the Secured Party may reasonably deem necessary or appropriate to assure the Secured Party its lien and security interest hereunder, including, without limitation, (i) such financing statements, and amendments thereof or supplements thereto, and such other instruments and documents as the Secured Party may from time to time reasonably require in order to comply with the UCC and any other applicable law, (ii) such agreements with respect to patents, trademarks, copyrights, and similar intellectual property rights (including all applications therefor) as the Secured Party may from time to time reasonably require to comply with the filing requirements of the United States Patent and Trademark Office and the United States Copyright Office, and (iii) such control agreements with respect to all Deposit Accounts, Investment Property, Letter-of-Credit Rights, and electronic Chattel Paper, and to cause the relevant depository institutions, financial intermediaries, and issuers to execute and deliver such control agreements, as the Secured Party may from time to time reasonably require. The Debtor hereby agrees that a carbon, photographic, or other reproduction of this Agreement or any such financing statement is sufficient for filing as a financing statement by the Secured Party without notice thereof to the Debtor wherever the Secured Party in its sole discretion desires to file the same. The Debtor hereby authorizes the Secured Party to file any and all financing statements covering the Collateral or any part thereof as the Secured Party may require, including financing statements describing the Collateral as "all assets" or "all personal property" or words of like meaning. The Secured Party may order lien searches from time to time against the Debtor and the Collateral, and the Debtor shall promptly reimburse the Secured Party for all reasonable and documented costs and expenses incurred in connection with such lien searches. In the event for any reason the law of any jurisdiction other

than the Debtor's current jurisdiction of organization or the jurisdiction identified in the schedules attached hereto as of the date hereof becomes or is applicable to the Collateral or any part thereof, or to any of the Secured Obligations, the Debtor agrees to execute and deliver all such instruments and documents and to do all such other things as the Secured Party in its sole discretion deems necessary or appropriate to preserve, protect, and enforce the lien and security interest of the Secured Party under the law of such other jurisdiction. The Debtor agrees to mark its books and records to reflect the lien and security interest of the Secured Party in the Collateral.

(p) On failure of the Debtor to perform any of the covenants and agreements herein contained, the Secured Party may, at its option, perform the same and in so doing may expend such sums as the Secured Party may reasonably deem advisable in the performance thereof, including, without limitation, the payment of any insurance premiums, the payment of any taxes, liens, and encumbrances, expenditures made in defending against any adverse claims, and all other expenditures which the Secured Party may be compelled to make by operation of law or which the Secured Party may make by agreement or otherwise for the protection of the security hereof. All such sums and amounts so expended shall be repayable by the Debtor immediately without notice or demand, shall constitute additional Secured Obligations secured hereunder and shall bear interest from the date said amounts are expended at the rate provided in the Loan Documents (such rate, including any adjusted rate following a default, the "*Specified Rate*"). No such performance of any covenant or agreement by the Secured Party on behalf of the Debtor, and no such advancement or expenditure therefor, shall relieve the Debtor of any default under the terms of this Agreement or in any way obligate the Secured Party to take any further or future action with respect thereto. The Secured Party, in making any payment hereby authorized, may do so according to any bill, statement, or estimate procured from the appropriate public office or holder of the claim to be discharged without inquiry into the accuracy of such bill, statement, or estimate or into the validity of any tax assessment, sale, forfeiture, tax lien, or title or claim. The Secured Party, in performing any act hereunder, shall be the sole judge of whether the Debtor is required to perform same under the terms of this Agreement. The Secured Party is hereby authorized to charge any account of the Debtor maintained with the Secured Party for the amount of such sums and amounts so expended.

Section 4. Special Provisions Re: Receivables. (a) As of the time any Receivable becomes subject to the security interest provided for hereby, and at all times thereafter, the Debtor shall be deemed to have warranted as to each and all of such Receivables that: (i) all warranties of the Debtor set forth in this Agreement, to the extent applicable to such Receivables, are true and correct in all material respects with respect to each such Receivable; that each Receivable and all papers and documents relating thereto are genuine and in all respects what they purport to be; that each Receivable is valid and subsisting; (ii) as to any reports requested by and delivered to the Secured Party as to the Receivables, that the amount of the Receivable represented as owing is in all material respects the correct amount and owing, except for normal cash discounts on normal trade terms in the ordinary course of business. Without limiting the foregoing, if any Receivable arises out of a contract with the United States of America, or any state or political subdivision thereof, or any department, agency, or instrumentality of any of the foregoing, the Debtor agrees to notify the Secured Party and, at the Secured Party's request, execute whatever instruments and documents are required by the Secured Party in order that such Receivable shall be assigned to the Secured Party and that proper notice of such assignment shall be given under the federal

Assignment of Claims Act (or any successor statute) or any similar state or local statute, as the case may be.

(b) Unless and until an Event of Default occurs, any merchandise or other goods which are returned by a customer or account debtor or otherwise recovered may be resold by the Debtor in the ordinary course of its business as presently conducted in accordance with Section 6(b) hereof; and, during the existence of any Event of Default, such merchandise and other goods shall be set aside at the request of the Secured Party and held by the Debtor as trustee for the Secured Party and shall remain part of the Secured Party's Collateral. Unless and until an Event of Default occurs, the Debtor may settle and adjust disputes and claims with its customers and account debtors, handle returns and recoveries, and grant discounts, credits, and allowances in the ordinary course of its business as presently conducted for amounts and on terms which the Debtor in good faith considers advisable; and, during the existence of any Event of Default, at the Secured Party's request, the Debtor shall notify the Secured Party promptly of all returns and recoveries and, on the Secured Party's request, deliver any such merchandise or other goods to the Secured Party. During the existence of any Event of Default, at the Secured Party's request, the Debtor shall also notify the Secured Party promptly of all disputes and claims and settle or adjust them at no expense to the Secured Party, but no discount, credit, or allowance other than on normal trade terms in the ordinary course of business as presently conducted shall be granted to any customer or account debtor and no returns of merchandise or other goods shall be accepted by the Debtor without the Secured Party's consent. The Secured Party may, at all times during the existence of any Event of Default, settle or adjust disputes and claims directly with customers or account debtors for amounts and upon terms which the Secured Party considers advisable.

(c) Unless delivered to the Secured Party or its agent, upon the request of the Secured Party, all tangible Chattel Paper and Instruments shall contain a legend acceptable to the Secured Party indicating that such Chattel Paper or Instrument is subject to the security interest of the Secured Party contemplated by this Agreement.

Section 5. Collection of Receivables. (a) Except as otherwise provided in this Agreement, the Debtor shall make collection of all Receivables and may use the same to carry on its business in accordance with sound business practice and otherwise subject to the terms hereof.

(b) Upon the occurrence of any Event of Default, which is continuing, whether or not the Secured Party has exercised any or all of its rights under other provisions of this Section 5 in the event the Secured Party requests the Debtor to do so:

(i) all Instruments and Chattel Paper at any time constituting part of the Receivables or any other Collateral (including any postdated checks) shall, upon receipt by the Debtor, be immediately endorsed to and deposited with the Secured Party; and/or

(ii) the Debtor shall instruct all customers and account debtors to remit all payments in respect of Receivables or any other Collateral to a lockbox or lockboxes under the sole custody and control of the Secured Party.

(c) Upon the occurrence of any Event of Default, which is continuing, whether or not the Secured Party has exercised any or all of its rights under other provisions of this Section 5, the Secured Party or its designee may notify the Debtor's customers and account debtors at any time that Receivables or any other Collateral have been assigned to the Secured Party or of the Secured Party's security interest therein, and either in its own name, or the Debtor's name, or both, demand, collect (including, without limitation, through a lockbox analogous to that described in Section 5(b)(ii) hereof), receive, receipt for, sue for, compound, and give acquittance for any or all amounts due or to become due on Receivables or any other Collateral, and in the Secured Party's discretion file any claim or take any other action or proceeding which the Secured Party may deem reasonably necessary or appropriate to protect or realize upon the security interest of the Secured Party in the Receivables or any other Collateral.

(d) Any proceeds of Receivables or other Collateral transmitted to or otherwise received by the Secured Party pursuant to any of the provisions of Sections 5(b) or 5(c) hereof may be handled and administered by the Secured Party in and through a remittance account at the Secured Party. The Debtor acknowledges that the maintenance of such remittance account by the Secured Party is solely for the Secured Party's convenience and that the Debtor does not have any right, title, or interest in such remittance account. The Secured Party may, after the occurrence and during the continuation of any Event of Default, apply all or any part of any proceeds of Receivables or other Collateral received by it from any source to the payment of the Secured Obligations (whether or not then due and payable), such applications to be made in such amounts, in such manner and order and at such intervals as the Secured Party may from time to time in its discretion determine in accordance with the Loan Documents. The Secured Party need not apply or give credit for any item included in proceeds of Receivables or other Collateral until the Secured Party has received final payment therefor at its office in immediately available funds, acceptable to the Secured Party as such. However, if the Secured Party does give credit for any item prior to receiving final payment therefor and the Secured Party fails to receive such final payment or an item is charged back to the Secured Party for any reason, the Secured Party may at its election in either instance charge the amount of such item back against the remittance account or any account of the Debtor maintained with the Secured Party, together with interest thereon at the Specified Rate. Concurrently with each transmission of any proceeds of Receivables or other Collateral to the remittance account, the Debtor shall furnish the Secured Party with a report in such form as the Secured Party shall reasonably require identifying the particular Receivable or other Collateral from which the same arises or relates. Unless and until an Event of Default or an event or condition which with the lapse of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing, the Secured Party will release proceeds of Collateral which the Secured Party has not applied to the Secured Obligations as provided above from the remittance account from time to time promptly after receipt thereof. The Debtor hereby indemnifies the Secured Party from and against all liabilities, damages, losses, actions, claims, judgments, costs, expenses, charges and attorneys' fees suffered or incurred by the Secured Party because of the maintenance of the foregoing arrangements; *provided, however*, that the Debtor shall not be required to indemnify the Secured Party for any of the foregoing to the extent they arise solely from the gross negligence or willful misconduct of the Secured Party. The Secured Party shall have no liability or responsibility to the Debtor for accepting any check, draft or other order for payment of money bearing the legend "payment in full" or words of similar import or any other

restrictive legend or endorsement whatsoever or be responsible for determining the correctness of any remittance.

Section 6. Special Provisions Re: Inventory and Equipment. (a) The Debtor shall at its own cost and expense maintain, keep and preserve the Inventory in good and merchantable condition and keep and preserve the Equipment in good repair, working order and condition, ordinary wear and tear excepted, and, without limiting the foregoing, make all necessary and proper repairs, replacements and additions to the Equipment (except for Equipment that has become obsolete or of immaterial value) so that the efficiency thereof shall be fully preserved and maintained

(b) The Debtor may, until an Event of Default has occurred and is continuing and thereafter until otherwise notified by the Secured Party, use, consume and sell the Inventory in the ordinary course of its business, but a sale in the ordinary course of business shall not under any circumstance include any transfer or sale in satisfaction, partial or complete, of a debt owing by the Debtor.

(c) The Debtor may, until an Event of Default has occurred and is continuing and thereafter until otherwise notified by the Secured Party, sell or otherwise dispose of Equipment to the extent permitted by the Loan Agreement.

(d) As of the time any Inventory or Equipment becomes subject to the security interest provided for hereby and at all times thereafter, the Debtor shall be deemed to have warranted as to any and all of such Inventory and Equipment that all warranties of the Debtor set forth in this Agreement, to the extent applicable to such Inventory and Equipment, are true and correct in all material respects with respect to such Inventory and Equipment; that all of such Inventory and Equipment is located at a Permitted Collateral Location, except for Inventory and Equipment which (x) in the ordinary course of the Debtor's business is in transit between Permitted Collateral Locations, (y) in the ordinary course of the Debtor's business is out for repair or (z) is otherwise de minimis in value; and that, in the case of Inventory, such Inventory is in good and merchantable condition. The Debtor warrants and agrees that no Inventory is or will be consigned to any other person without the Secured Party's prior written consent.

(e) Upon the Secured Party's request, the Debtor shall at its own cost and expense cause the lien of the Secured Party in and to any portion of the Collateral subject to a certificate of title law to be duly noted on such certificate of title or to be otherwise filed in such manner as is prescribed by law in order to perfect such lien and shall cause all such certificates of title and evidences of lien to be deposited with the Secured Party.

(f) None of the Equipment is or will be attached to real estate in such a manner that the same may become a fixture, except for Equipment from time to time (i) located on real estate subject to a mortgage in favor of the Secured Party, (ii) located on real property described on Schedule D, or (iii) disclosed to the Secured Party in writing prior to such Equipment becoming a fixture.

(g) If any of the Inventory is at any time evidenced by a document of title, to the extent required by the Loan Agreement or upon Secured Party's request, such document shall be promptly delivered by the Debtor to the Secured Party.

Section 7. Special Provisions Re: Investment Property and Deposits. (a) Unless and until an Event of Default has occurred and is continuing and thereafter until notified to the contrary by the Secured Party pursuant to Section 9(d) hereof:

(i) the Debtor shall be entitled to exercise all voting and/or consensual powers pertaining to the Investment Property or any part thereof, for all purposes not inconsistent with the terms of this Agreement or any other document evidencing or otherwise relating to any Secured Obligations; and

(ii) the Debtor shall be entitled to receive and retain all cash dividends paid upon or in respect of the Investment Property.

(b) All Investment Property (including all securities, certificated or uncertificated, securities accounts, and commodity accounts) of the Debtor on the date hereof is listed and identified on Schedule E attached hereto and made a part hereof. To the extent required by the Loan Agreement or upon Secured Party's request, the Debtor shall promptly notify the Secured Party of any other Investment Property acquired or maintained by the Debtor after the date hereof, and shall submit to the Secured Party a supplement to Schedule E to reflect such additional rights (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein). To the extent required by the Loan Agreement or upon Secured Party's request, certificates for all certificated securities now or at any time constituting Investment Property shall be promptly delivered by the Debtor to the Secured Party duly endorsed in blank for transfer or accompanied by an appropriate assignment or assignments or an appropriate undated stock power or powers, in every case sufficient to transfer title thereto, including, without limitation, all stock received in respect of a stock dividend or resulting from a split-up, revision, or reclassification of the Investment Property or any part thereof or received in addition to, in substitution of, or in exchange for the Investment Property or any part thereof as a result of a merger, consolidation, or otherwise. With respect to any uncertificated securities or any Investment Property held by a securities intermediary, commodity intermediary, or other financial intermediary of any kind, at the Secured Party's request, the Debtor shall execute and deliver, and shall cause any such issuer or intermediary to execute and deliver, an agreement among the Debtor, the Secured Party, and such issuer or intermediary in form and substance reasonably satisfactory to the Secured Party which provides, among other things, for the issuer's or intermediary's agreement that it shall comply with entitlement orders, and apply any value distributed on account of any such Investment Property, as directed by the Secured Party without further consent by the Debtor. The Secured Party may at any time, after the occurrence of an Event of Default, which is continuing, cause to be transferred into its name or the name of its nominee or nominees all or any part of the Investment Property hereunder.

(c) Unless and until an Event of Default has occurred and is continuing, the Debtor may sell or otherwise dispose of any Investment Property to the extent permitted by the Loan Agreement, *provided that* except as permitted by the Loan Agreement, the Debtor shall not sell or

otherwise dispose of any capital stock of or other equity interests in any direct or indirect subsidiary without the prior written consent of the Secured Party. After the occurrence and during the continuation of any Event of Default, the Debtor shall not sell all or any part of the Investment Property without the prior written consent of the Secured Party.

(d) [Reserved.]

(e) Notwithstanding anything to the contrary contained herein, in the event any Investment Property is subject to the terms of a separate security agreement in favor of the Secured Party, the terms of such separate security agreement shall govern and control unless otherwise agreed to in writing by the Secured Party.

(f) All Deposit Accounts of the Debtor on the date hereof are listed and identified (by account number and depository institution) on Schedule E attached hereto and made a part hereof. To the extent required by the Loan Agreement or upon Secured Party's request, the Debtor shall promptly notify the Secured Party of any other Deposit Account opened or maintained by the Debtor after the date hereof, and shall submit to the Secured Party a supplement to Schedule E to reflect such additional accounts (provided the Debtor's failure to do so shall not impair the Secured Party's security interest therein). To the extent requested by Secured Party, the Debtor, the depository institution, and the Secured Party shall execute and deliver an account control agreement in form and substance reasonably satisfactory to the Secured Party which provides, among other things, for the depository institution's agreement that it will comply with instructions originated by the Secured Party directing the disposition of the funds in each such the Deposit Account without further consent by such Debtor.

Section 8. Power of Attorney. In addition to any other powers of attorney contained herein, the Debtor hereby appoints the Secured Party, its nominee, and any other person whom the Secured Party may designate, as the Debtor's attorney-in-fact, with full power and authority to (i) sign the Debtor's name on verifications of Receivables and other Collateral; (ii) send requests for verification of Collateral to the Debtor's customers, account debtors, and other obligors; to endorse the Debtor's name on any checks, notes, acceptances, money orders, drafts, and any other forms of payment or security that may come into the Secured Party's possession or on any assignments, stock powers, or other instruments of transfer relating to the Collateral or any part thereof; (iii) sign the Debtor's name on any invoice or bill of lading relating to any Collateral, on claims to enforce collection of any Collateral, on notices to and drafts against customers and account debtors and other obligors, on schedules and assignments of Collateral, on notices of assignment and on public records; (iv) notify the post office authorities to change the address for delivery of the Debtor's mail to an address designated by the Secured Party; (v) receive, open and dispose of all mail addressed to the Debtor; and (vi) do all things necessary to carry out this Agreement. Secured Party agrees not to exercise such power except during an Event of Default which is continuing. The Debtor hereby ratifies and approves all acts of any such attorney and agrees that neither the Secured Party nor any such attorney will be liable for any acts or omissions nor for any error of judgment or mistake of fact or law other than such person's gross negligence or willful misconduct. The Secured Party may file one or more financing statements disclosing its security interest in any or all of the Collateral without the Debtor's signature appearing thereon. The Debtor also hereby grants the Secured Party a power of attorney to execute any such financing statements, or

amendments and supplements to financing statements, on behalf of the Debtor without notice thereof to the Debtor. The foregoing powers of attorney, being coupled with an interest, are irrevocable until the Secured Obligations have been fully paid and satisfied and all agreements of the Secured Party to extend credit to or for the account of the Debtor have expired or otherwise have been terminated.

Section 9. Defaults and Remedies. (a) Unless waived by BDCC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Loan Parties and BDCC in any of the following events (each, an “*Event of Default*” hereunder):

(i) the Debtor defaults, or threatens to default, in payments when due of any Secured Obligation or any Loan Party defaults or threatens to default, in payments when due under any Loan Document; or

(ii) any Loan Party is in breach of any term, condition, obligation or covenant made by it to or with the Secured Party, or any representation or warranty of any such Person is untrue or ceases to be accurate, whether or not contained in this Security Agreement or another Loan Document; or

(iii) any event shall occur or condition shall exist which is specified as an “Event of Default” under the Loan Agreement, regardless of whether or not the Loan Agreement remains in effect, or any other default shall occur in the observance or performance of any terms or provisions of any instrument or document evidencing or securing any Secured Obligations or setting forth terms and conditions applicable thereto or otherwise relating thereto, or this Agreement shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void; or

(iv) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or

(v) any Loan Party ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or

(vi) any judgment or judgments, writ or writs, or warrant or warrants of attachment, or any similar process or processes shall be entered or filed against the Debtor or against any of its property or assets and which remains unvacated, unbonded, unstayed or unsatisfied for a period of thirty (30) days; or

(vii) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or

(viii) the Secured Party in good faith and on commercially reasonable grounds believes that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction such that the Secured Party's lien thereon would be unperfected; or

(ix) the lessor under any lease to the Debtor of any real property on which the Debtor maintains tangible Collateral with a fair market value in excess of \$50,000 US takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease against the Collateral as a result of any default by the Debtor; or

(x) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Borrower or to be incorporated into any of its assets other than in accordance with applicable law, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority.

(b) Upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have, in addition to all other rights provided herein or by law, the rights and remedies of a secured party under the UCC (regardless of whether the UCC is the law of the jurisdiction where the rights or remedies are asserted and regardless of whether the UCC applies to the affected Collateral), and further the Secured Party may, without demand and without advertisement, notice, hearing, or process of law, all of which the Debtor hereby waives, at any time or times, sell and deliver all or any part of the Collateral (and any other property of the Debtor attached thereto or found therein) held by or for it at public or private sale, for cash, upon credit, or otherwise, at such prices and upon such terms as the Secured Party deems advisable, in its sole discretion. In addition to all other sums due the Secured Party hereunder, the Debtor shall pay the Secured Party all costs and expenses incurred by the Secured Party, including attorneys' fees and court costs, in obtaining, liquidating or enforcing payment of Collateral or the Secured Obligations or in the prosecution or defense of any action or proceeding by or against the Secured Party or the Debtor concerning any matter arising out of or connected with this Agreement or the Collateral or the Secured Obligations, including, without limitation, any of the foregoing arising in, arising under or related to a case under the United States Bankruptcy Code (or any successor statute). Any requirement of reasonable notice shall be met if such notice is personally served on or mailed, postage prepaid, to the Debtor in accordance with Section 12(b) hereof at least 10 days before the time of sale or other event giving rise to the requirement of such notice; *provided however*, no notification need be given to the Debtor if the Debtor has signed, after an Event of Default has occurred, a statement renouncing any right to notification of sale or other intended disposition. The Secured Party shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. The Secured Party may be the purchaser at any such sale. The Debtor hereby waives all of its rights of redemption from any such sale. The Secured Party may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, be made at the time and place to which the sale was postponed or the Secured Party may further postpone such sale by announcement made at such time and place. The Secured Party has no obligation to prepare the Collateral for sale. The Secured Party may sell or otherwise dispose of the Collateral without giving any warranties as to the Collateral or any part thereof, including disclaimers of any

warranties of title or the like, and the Debtor acknowledges and agrees that the absence of such warranties shall not render the disposition commercially unreasonable.

(c) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have the right, in addition to all other rights provided herein or by law, to take physical possession of any and all of the Collateral and anything found therein, the right for that purpose to enter without legal process any premises where the Collateral may be found (provided such entry be done lawfully), and the right to maintain such possession on the Debtor's premises (the Debtor hereby agreeing to lease such premises without cost or expense to the Secured Party or its designee if the Secured Party so requests) or to remove the Collateral or any part thereof to such other places as the Secured Party may desire. Upon the occurrence and during the continuation of any Event of Default, the Secured Party shall have the right to exercise any and all rights with respect to all Deposit Accounts of the Debtor, including, without limitation, the right to direct the disposition of the funds in each Deposit Account and to collect, withdraw, and receive all amounts due or to become due or payable under each such Deposit Account. Upon the occurrence and during the continuation of any Event of Default, the Debtor shall, upon the Secured Party's demand, promptly assemble the Collateral and make it available to the Secured Party at a place designated by the Secured Party. If the Secured Party exercises its right to take possession of the Collateral, the Debtor shall also at its expense perform any and all other steps requested by the Secured Party to preserve and protect the security interest hereby granted in the Collateral, such as placing and maintaining signs indicating the security interest of the Secured Party, appointing overseers for the Collateral, and maintaining Collateral records.

(d) Without in any way limiting the foregoing, upon the occurrence and during the continuation of any Event of Default, all rights of the Debtor to exercise the voting and/or consensual powers which it is entitled to exercise pursuant to Section 7(a)(i) hereof and/or to receive and retain the distributions which it is entitled to receive and retain pursuant to Section 7(a)(ii) hereof, shall, at the option of the Secured Party, cease and thereupon become vested in the Secured Party, which, in addition to all other rights provided herein or by law, shall then be entitled solely and exclusively to exercise all voting and other consensual powers pertaining to the Investment Property (including, without limitation, the right to deliver notice of control with respect to any Investment Property held in a securities account or commodity account and deliver all entitlement orders with respect thereto) and/or to receive and retain the distributions which the Debtor would otherwise have been authorized to retain pursuant to Section 7(a)(ii) hereof and shall then be entitled solely and exclusively to exercise any and all rights of conversion, exchange, or subscription or any other rights, privileges, or options pertaining to any Investment Property as if the Secured Party were the absolute owner thereof. Without limiting the foregoing, the Secured Party shall have the right to exchange, at its discretion, any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization, or other readjustment of the respective issuer thereof or upon the exercise by or on behalf of any such issuer or the Secured Party of any right, privilege, or option pertaining to any Investment Property and, in connection therewith, to deposit and deliver any and all of the Investment Property with any committee, depository, transfer agent, registrar, or other designated agency upon such terms and conditions as the Secured Party may determine. In the event the Secured Party in good faith believes any of the Collateral constitutes restricted securities within the meaning of any applicable securities laws,

any disposition thereof in compliance with such laws shall not render the disposition commercially unreasonable.

(e) Without in any way limiting the foregoing, the Debtor hereby grants to the Secured Party a royalty-free irrevocable license and right to use all of the Debtor's patents, patent applications, patent licenses, trademarks, trademark registrations, trademark licenses, trade names, trade styles, copyrights, copyright applications, copyright licenses, and similar intangibles in connection with any foreclosure or other realization by the Secured Party on all or any part of the Collateral. The license and right granted the Secured Party hereby shall be without any royalty or fee or charge whatsoever.

(f) The powers conferred upon the Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose on it any duty to exercise such powers. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equivalent to that which the Secured Party accords its own property, consisting of similar type assets, it being understood, however, that the Secured Party shall have no responsibility for ascertaining or taking any action with respect to calls, conversions, exchanges, maturities, tenders, or other matters relating to any such Collateral, whether or not the Secured Party has or is deemed to have knowledge of such matters. This Agreement constitutes an assignment of rights only and not an assignment of any duties or obligations of the Debtor in any way related to the Collateral, and the Secured Party shall have no duty or obligation to discharge any such duty or obligation. The Secured Party shall have no responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral or initiating any action to protect the Collateral against the possibility of a decline in market value. Neither the Secured Party nor any party acting as attorney for the Secured Party shall be liable for any acts or omissions or for any error of judgment or mistake of fact or law other than their gross negligence or willful misconduct.

(g) Failure by the Secured Party to exercise any right, remedy, or option under this Agreement or any other agreement between the Debtor and the Secured Party or provided by law, or delay by the Secured Party in exercising the same, shall not operate as a waiver; and no waiver by the Secured Party shall be effective unless it is in writing and then only to the extent specifically stated. The rights and remedies of the Secured Party under this Agreement shall be cumulative and not exclusive of any other right or remedy which the Secured Party may have.

Section 10. Application of Proceeds. The proceeds and avails of the Collateral at any time received by the Secured Party after the occurrence and during the continuation of any Event of Default shall, when received by the Secured Party in cash or its equivalent, be applied by the Secured Party as follows:

(i) first, to the payment and satisfaction of all sums paid and costs and expenses incurred by the Secured Party hereunder or otherwise in connection herewith, including such monies paid or incurred in connection with protecting, preserving or realizing upon the Collateral or enforcing any of the terms hereof, including attorneys' fees and court costs, together with any interest thereon (but without preference or priority of principal

over interest or of interest over principal), to the extent the Secured Party is not reimbursed therefor by the Debtor; and

(ii) second, to the payment and satisfaction of the remaining Secured Obligations, whether or not then due (in whatever order the Secured Party elects), both for interest and principal.

The Debtor shall remain liable to the Secured Party for any deficiency. Any surplus remaining after the full payment and satisfaction of the foregoing shall be returned to the Debtor or to whomsoever the Secured Party reasonably determines is lawfully entitled thereto.

Section 11. Continuing Agreement. This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Secured Obligations, both for principal and interest, have been fully paid and satisfied and all agreements of the Secured Party to extend credit to or for the account of the Debtor have expired or otherwise have been terminated. Upon such termination of this Agreement, the Secured Party shall, upon the request and at the expense of the Debtor, forthwith release its security interest hereunder.

Section 12. Miscellaneous. (a) This Agreement cannot be changed or terminated orally. All of the rights, privileges, remedies, and options given to the Secured Party hereunder shall inure to the benefit of its successors and assigns, and all the terms, conditions, covenants, agreements, representations, and warranties of and in this Agreement shall bind the Debtor and its legal representatives, successors and assigns, provided that the Debtor may not assign its rights or delegate its duties hereunder without the Secured Party's prior written consent.

(b) Except as otherwise specified herein, all notices hereunder shall be in writing and shall be given in person, or by letter sent by fax, mail or courier to the address, fax number set forth below, or such other address or fax number as such party may hereafter specify by notice to BDCC given in the manner herein provided. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices hereunder shall be addressed:

to the Debtor at:

Simex-Iwerks Myrtle Beach, LLC
210 King Street East, Suite 600, Toronto, ON
M5A 1J7 Canada
Attention: Milan Ghosh
Fax: (416) 597-0350

to the Secured Party at:

BDC Capital Inc.
121 King Street West, Suite 1200
Toronto, Ontario M5H 3T9 Canada
Fax: (416) 954-5002

(c) In the event and to the extent that any provision hereof shall be deemed to be invalid or unenforceable by reason of the operation of any law or by reason of the interpretation placed

thereon by any court, this Agreement shall to such extent be construed as not containing such provision, but only as to such locations where such law or interpretation is operative, and the invalidity or unenforceability of such provision shall not affect the validity of any remaining provisions hereof, and any and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

(d) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY THEREIN. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of any provision hereof.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterpart signature pages, each constituting an original, but all together one and the same instrument. The Debtor acknowledges that this Agreement is and shall be effective upon its execution and delivery by the Debtor to the Secured Party, and it shall not be necessary for the Secured Party to execute this Agreement or any other acceptance hereof or otherwise to signify or express its acceptance hereof.

(f) The Debtor hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. The Debtor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such court has been brought in an inconvenient forum. THE DEBTOR AND BDCC EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.


(g) Capitalized terms used and not defined herein have the meaning set forth in the Loan Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be duly executed and delivered as of the date and year first above written.


SIMEX-IWERKS MYRTLE BEACH, LLC

By: Iwerks Entertainment, Inc.,
its Sole Member

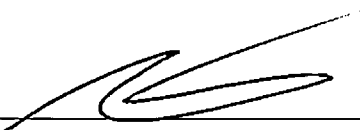
By: 
Name: Michael Needham
Title: President and Chief Executive Officer

Accepted and agreed to in Canada as of the date and year first above written.

BDC CAPITAL INC.

By 
Name _____ Kyle Foucht
Title _____ Director
_____ Growth & Transition Capital

and

By 
Name _____ Angelo Zeni
Title _____ Managing Director
_____ Growth & Transition Capital

SCHEDULE A**LOCATIONS**

- Item 1. Places of Business (including Debtor's chief executive office and principal place of business):

ADDRESS

1199 Celebrity Circle, Suite 2700, Myrtle Beach, SC 29577

- Item 2. Permitted Collateral Locations:

ADDRESS

OWNER OF PREMISES

1199 Celebrity Circle, Suite 2700, Myrtle Beach, SC 29577

1199 Celebrity Circle (kiosk), Myrtle Beach, SC 29577

SCHEDULE B**OTHER NAMES****A. PRIOR LEGAL NAMES**

None.

B. TRADE NAMES

None.

SCHEDULE C**INTELLECTUAL PROPERTY RIGHTS**

None.

SCHEDULE D**REAL ESTATE LOCATIONS FOR FIXTURES**

See locations listed above on Schedule A, if any.

SCHEDULE E**INVESTMENT PROPERTY AND DEPOSIT ACCOUNTS****A. INVESTMENT PROPERTY**

To be provided upon request.

B. DEPOSIT ACCOUNTS

To be provided upon request.

SCHEDULE F

COMMERCIAL TORT CLAIMS

None.

SCHEDULE G

SUPPLEMENT TO SECURITY AGREEMENT

THIS SUPPLEMENT TO SECURITY AGREEMENT (the "*Supplement*") is dated as of this ____ day of _____, 20__ from Simex-Iwerks Myrtle Beach, LLC, a limited liability company organized under the laws of the State of South Carolina (the "*Debtor*"), to BDC Capital Inc. (the "*Secured Party*").

PRELIMINARY STATEMENTS

A. The Debtor and the Secured Party are parties to that certain General Security Agreement dated as of June 29, 2018 (such Security Agreement, as the same may from time to time be amended, modified or restated, being hereinafter referred to as the "*Security Agreement*"). All capitalized terms used herein without definition shall have the same meanings herein as such terms are defined in the Security Agreement.

B. Pursuant to the Security Agreement, the Debtor granted to the Secured Party, among other things, a continuing security interest in all Commercial Tort Claims.

C. The Debtor has acquired a Commercial Tort Claim, and executes and delivers this Supplement to confirm and assure the Secured Party's security interest therein.

NOW, THEREFORE, in consideration of the benefits accruing to the Debtor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. In order to secure payment of the Secured Obligations, whether now existing or hereafter arising, the Debtor does hereby grant to the Secured Party a continuing lien on and security interest in the Commercial Tort Claim described below:

2. Schedule F (Commercial Tort Claims) to the Security Agreement is hereby amended to include reference to the Commercial Tort Claim referred to in Section 1 above. The Commercial Tort Claim described herein is in addition to, and not in substitution or replacement for, the Commercial Tort Claims heretofore described in and subject to the Security Agreement, and nothing contained herein shall in any manner impair the priority of the liens and security interests heretofore granted by the Debtor in favor of the Secured Party under the Security Agreement.

3. The Debtor agrees to execute and deliver such further instruments and documents and do such further acts and things as the Secured Party may deem necessary or proper to carry out more effectively the purposes of this Supplement.

4. No reference to this Supplement need be made in the Security Agreement or in any other document or instrument making reference to the Security Agreement, any reference to the Security Agreement in any of such items to be deemed a reference to the Security Agreement as supplemented hereby. The Debtor acknowledges that this Supplement shall be effective upon its execution and delivery by the Debtor to the Secured Party, and it shall not be necessary for the Secured Party to execute this Supplement or any other acceptance hereof or otherwise to signify or express its acceptance hereof.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY THEREIN.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: Iwerks Entertainment, Inc.,
its Sole Member

By _____
Name _____
Title _____

EXECUTION VERSION

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "*Guaranty*") dated June 29, 2018,

is made by

GUARANTOR: SIMEX-IWERKS MYRTLE BEACH, LLC, the "*Guarantor*";

in favor of

CREDITOR: BDC CAPITAL INC., with a business center at 121 King Street West, Suite 1200, Toronto, Ontario M5H 3T9, referred to as "*BDCC*";

in respect of obligations of

DEBTOR: SIMEX INC., "*Borrower*";

with respect to

DEBT: Loan Account No. 142586-01;

LIMIT OF LIABILITY: Unlimited

PRELIMINARY STATEMENTS

BDCC extended a loan or established one or more credit facilities in favor of the Borrower on terms and subject to certain conditions set out in a letter of offer dated June 15, 2018 (as amended by the letter agreement dated June 27, 2018, and as further amended from time to time, the "*Loan Agreement*") and the Borrower may from time to time hereafter obtain credit and other financial accommodations from BDCC and incur liabilities to BDCC under the Loan Agreement and the Loan Documents (which shall mean the "*Financing Documents*," as such term is defined in the Loan Agreement); and

As a condition to extending credit to the Borrower under the Loan Agreement, BDCC has required, among other things, that the Guarantor execute and deliver this Guaranty; and

The Borrower is an affiliate of the Guarantor and the Borrower provides the Guarantor with financial, management, administrative, and technical support which enables the Guarantor to conduct its businesses in an orderly and efficient manner in the ordinary course; and

The Guarantor will benefit, directly or indirectly, from credit and other financial accommodations extended by BDCC to the Borrower.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged and in consideration of advances made or to be made, or credit accommodations

given or to be given, to the Borrower by BDCC from time to time, the Guarantor hereby agrees as follows:

1. All capitalized terms used herein without definition shall have the same meanings herein as such terms have in the Loan Agreement.

2. The Guarantor hereby guarantees to BDCC, the full and prompt payment when due (whether by lapse of time, acceleration, or otherwise) of (a) all indebtedness, obligations, and liabilities of the Borrower to BDCC, under or in connection with or evidenced by the Loan Agreement or any other Financing Document, including, without limitation, all indebtedness, obligations, and liabilities of the Borrower and the Guarantor, and of any of them, in each case whether now existing or hereafter arising (whether arising before or after the filing of a petition in bankruptcy and including, without limitation, all post-petition interest and fees in a bankruptcy or other similar proceeding, whether or not allowed), due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired, including, without limitation, all cancellation, standby and legal fees, and (b) all expenses and charges, legal or otherwise, suffered or incurred by BDCC in collecting or enforcing any of such indebtedness, obligations, and liabilities or in realizing on or protecting or preserving any security or guarantees therefor. The indebtedness, obligations and liabilities described in the immediately preceding clauses (a) and (b) are hereinafter referred to as the "*Guaranteed Indebtedness*". This is a guaranty of payment and not of collection, and in case the Borrower or other obligor fails to pay any Guaranteed Indebtedness when due, the Guarantor hereby agrees to make such payment or to cause such payment to be made punctually as and when the same shall become due and payable, whether at stated maturity, by acceleration or otherwise, and as if such payment were made by the Borrower or other obligor. Notwithstanding anything in this Guaranty to the contrary, the right of recovery against a Guarantor under this Guaranty shall not exceed \$1.00 less than the lowest amount which would render the Guarantor's obligations under this Guaranty void or voidable under applicable law, including fraudulent conveyance law.

3. The Guarantor further agrees to pay to BDCC (i) (without duplication) interest on the amount of the Guaranteed Indebtedness at the rate provided in the Financing Documents calculated and compounded monthly from the date BDCC demands payment under this Guaranty, and (ii) all costs and expenses, legal and/or otherwise (including court costs and reasonable attorneys' fees), paid or incurred by BDCC in endeavoring to collect the Guaranteed Indebtedness, or any part thereof, and in protecting, defending or enforcing this Guaranty in any litigation, bankruptcy or insolvency proceedings or otherwise.

4. The Guarantor agrees that it shall pay to BDCC upon demand the full amount of the Guaranteed Indebtedness then due (subject to the limitation on the right of recovery thereon with respect to the Guarantor as set forth in the last sentence of Section 2 above), whether or not any other obligor or guarantor shall then or thereafter pay any amount whatsoever in respect to their obligations hereunder. BDCC has the sole and absolute discretion to determine how sums shall be applied among guaranties of the obligations under the Financing Documents. The above limitation on liability set forth in the last sentence of Section 2 above is not a restriction on the amount of the obligations of Borrower to BDCC either in the aggregate or at any one time.

5. This Guaranty is a continuing, absolute, and unconditional guaranty, and shall remain in full force and effect until written notice of its discontinuance executed by the Borrower and the Guarantor shall be actually received by BDCC, and also until all of the Guaranteed Indebtedness which was created or existing before receipt of such notice shall be fully paid and satisfied and the commitments of BDCC to extend credit to the Borrower under the Loan Agreement shall have expired or terminated. The dissolution of any Borrower, any other guarantor or obligor, or the Guarantor shall not terminate this Guaranty until notice of such dissolution shall have been actually received by BDCC and all of the Guaranteed Indebtedness created or existing or committed to be extended before receipt of such notice shall be fully paid and satisfied. The granting of credit from time to time by BDCC to any Borrower or any guarantor in excess of the amount to which the right of recovery under this Guaranty is limited (if any) and without notice to the Guarantor is also hereby authorized and shall in no way affect or impair this Guaranty.

6. In case of the dissolution, liquidation or insolvency (howsoever evidenced) of, or the institution of bankruptcy or receivership proceedings against, any Borrower, any other guarantor or obligor, or the Guarantor, all of the Guaranteed Indebtedness which is then existing shall, at the option of BDCC, immediately become due or accrued and payable from the Guarantor. All payments received from any Borrower or the Guarantor or on account of the Guaranteed Indebtedness from whatsoever source shall be taken and applied as payment in gross, and this Guaranty shall apply to and secure any ultimate balance that shall remain owing to BDCC.

7. The liability hereunder shall in no way be affected or impaired by (and BDCC is hereby expressly authorized to make from time to time, without notice to the Guarantor), any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any of the Guaranteed Indebtedness, either express or implied, or of any Financing Document or any other contract or contracts evidencing any thereof, or of any security or collateral therefor or any guaranty thereof. The liability hereunder shall in no way be affected or impaired by any acceptance by BDCC of any security for or other guarantors upon any of the Guaranteed Indebtedness, or by any failure, neglect or omission on the part of BDCC to realize upon or protect any of the Guaranteed Indebtedness, or any collateral or security therefor, or to exercise any lien upon or right of appropriation of any moneys, credits or property of the Borrower or any other obligor or guarantor, toward the liquidation of the Guaranteed Indebtedness, or by any application of payments or credits thereon. BDCC shall have the exclusive right to determine how, when and what application of payments and credits, if any, shall be made on said Guaranteed Indebtedness, or any part of same. In order to hold the Guarantor liable hereunder, there shall be no obligation on the part of BDCC, at any time, to resort for payment to any Borrower or to any other obligor or guarantor, or to any other person, its property or estate, or resort to any collateral, security, property, liens or other rights or remedies whatsoever, and BDCC shall have the right to enforce this Guaranty against the Guarantor irrespective of whether or not other proceedings or steps are pending seeking resort to or realization upon or from any of the foregoing.

8. All diligence in collection or protection, and all presentment, demand, protest and/or notice, as to anyone and everyone, whether or not the Borrower, any other guarantor or obligor or guarantor, or the Guarantor or others, of dishonor and of default and of non-payment and of the creation and existence of any and all of said Guaranteed Indebtedness, and of any security and

collateral therefor, and of the acceptance of this Guaranty, and of any and all extensions of credit and indulgence hereunder, are expressly waived. No act of commission or omission of any kind, or at any time, upon the part of BDCC in respect to any matter whatsoever, shall in any way affect or impair this Guaranty.

9. The Guarantor agrees that it will not exercise or enforce any right of exoneration, contribution, reimbursement, recourse or subrogation available to the Guarantor against any person liable for payment of the Guaranteed Indebtedness, or as to any security therefor, unless and until the full amount owing to BDCC of the Guaranteed Indebtedness has been fully paid and satisfied and the commitments of BDCC to extend credit to the Borrower under the Loan Agreement shall have expired or terminated. The payment by the Guarantor of any amount or amounts to BDCC pursuant hereto shall not in any way entitle the Guarantor, either at law, in equity or otherwise, to any right, title or interest (whether by way of subrogation or otherwise) in and to the Guaranteed Indebtedness or any part thereof or any collateral security therefor or any other rights or remedies in any way relating thereto or in and to any amounts theretofor, then or thereafter paid or applicable to the payment thereof howsoever such payment may be made and from whatsoever source such payment may be derived unless and until all of the Guaranteed Indebtedness and all costs and expenses suffered or incurred by BDCC in enforcing this Guaranty have been paid and satisfied in full and the commitments of BDCC to extend credit to the Borrower under the Loan Agreement shall have expired or terminated; and unless and until such payment in full and termination, any payments made by the Guarantor hereunder and any other payments from whatsoever source derived on account of or applicable to the Guaranteed Indebtedness or any part thereof shall be held and taken to be merely payments in gross to BDCC reducing pro tanto the Guaranteed Indebtedness.

10. To the extent permitted by the Loan Agreement, BDCC may, without any notice whatsoever to the Guarantor, sell, assign or transfer all of the Guaranteed Indebtedness, or any part thereof, or grant participations therein, and in that event each and every immediate and successive assignee, transferee or holder of all or any part of the Guaranteed Indebtedness shall have the right to enforce this Guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits; but BDCC shall have an unimpaired right to enforce this Guaranty for its own benefit, as to so much of the Guaranteed Indebtedness that it has not sold, assigned or transferred.

11. The Guarantor waives any and all defenses, claims, and discharges of the Borrower and of any other obligor pertaining to the Guaranteed Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the Guarantor will not assert, plead or enforce against BDCC any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Borrower or any other person liable in respect of any of the Guaranteed Indebtedness, or any set-off available against BDCC to the Borrower or any such other person, whether or not on account of a related transaction. The Guarantor agrees that the Guarantor shall be and remain liable for any deficiency remaining after foreclosure or other realization on any lien or security interest securing the Guaranteed

Indebtedness, whether or not the liability of the Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

12. If any payment applied by BDCC to the Guaranteed Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of any Borrower or any other obligor), the Guaranteed Indebtedness to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such of the Guaranteed Indebtedness as fully as if such application had never been made.

13. BDCC may at any time or from time to time release any other guarantor or person liable in respect of any of the Guaranteed Indebtedness from its obligations or effect any compromise with any such obligor; and no such release or compromise shall in any manner impair or otherwise affect the obligations hereunder of the Guarantor or release, compromise or discharge the obligations of the Guarantor hereunder.

14. The Guarantor hereby represents and warrants that: (a) it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization, and has the power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage; (b) it has the power and authority to execute, deliver and carry out the terms and provisions of this Guaranty and all other Financing Documents executed by it and has taken all necessary action to authorize the execution, delivery and performance of this Guaranty and all other Financing Documents executed by it; (c) it has duly executed and delivered this Guaranty and all other Financing Documents executed by it and this Guaranty and all other Financing Documents executed by it constitutes the legal, valid, and binding agreements of the Guarantor enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law); (d) the execution, delivery, and performance by the Guarantor of this Guaranty and the other Financing Documents executed by it will not (i) contravene any provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality applicable to the Guarantor or its properties and assets, or (ii) conflict with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of the Guarantor pursuant to the terms of its organizational documents (*e.g.*, charter, certificate or articles of incorporation and by-laws, certificate or articles of association and operating agreement, partnership agreement, or other similar document) or any promissory note, bond, debenture, indenture, mortgage, deed of trust, credit or loan agreement, or any other material agreement or other instrument, to which the Guarantor is a party or by which it or any of its property or assets are bound or to which it may be subject; (e) no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize or is required as a condition to (i) the execution, delivery and performance by the Guarantor of this Guaranty or any of the other Financing Documents executed by it, or (ii) the legality, validity, binding effect or enforceability

of this Guaranty or of any other Financing Document executed by it and (f) there are no actions, suits or proceedings pending or, to, the knowledge of the Guarantor, threatened with respect to the Guarantor which question the validity or enforceability of this Guaranty or any of the other Financing Documents executed by it, or of any action to be taken by the Guarantor pursuant to this Guaranty.

15. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful provisions and applications hereof, and to this end the provisions of this Guaranty are declared to be severable. Without limiting the generality of the foregoing, any invalidity or unenforceability against any other guarantor of any provision of application of any other guaranty with respect to the *Guaranteed Indebtedness* shall not affect the validity or enforceability of the provisions of this Guaranty.

16. Any demand for payment on this Guaranty or any other notice required or desired to be given hereunder to the Guarantor, and any notice given to BDCC shall be in writing and shall be given in person, or by letter sent by fax, mail or courier, to the address or fax number set forth on the appropriate signature page hereof, or such other address or fax number as such party may hereafter specify by notice to BDCC given in the manner herein provided. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient).

17. All payments to be made by the Guarantor hereunder shall be made in the same currency and funds in which the underlying *Guaranteed Indebtedness* is payable and made at the address of BDCC set forth on the signature page hereof (or at such other place for the account of BDCC as it may from time to time specify to the Guarantor) in immediately available and freely transferable funds at the place of payment, all such payments to be paid without set-off, counterclaim or reduction and without deduction for, and free from, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholding or liabilities with respect thereto or any restrictions or conditions of any nature. If the Guarantor is required by law to make any deduction or withholding on account of any tax or other withholding or deduction from any sum payable by the Guarantor hereunder, the Guarantor shall pay any such tax or other withholding or deduction and shall pay such additional amount necessary to ensure that, after making any payment, deduction or withholding, BDCC shall receive and retain (free of any liability in respect of any payment, deduction or withholding) a net sum equal to what it would have received and so retained hereunder had no such deduction, withholding or payment been required to have been made.

18. The payment by the Guarantor of any amount or amounts due BDCC hereunder shall be made in the same currency (the "*relevant currency*") and funds in which the underlying *Guaranteed Indebtedness* is payable. To the fullest extent permitted by law, the obligation of the Guarantor in respect of any amount due in the relevant currency under this Guaranty shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that BDCC may, in

accordance with its normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the business day immediately following the day on which BDCC receives such payment. If the amount in the relevant currency that may be so purchased for any reason falls short of the amount originally due, the Guarantor shall pay such additional amounts, in the relevant currency, as may be necessary to compensate for the shortfall. Any obligations of the Guarantor not discharged by such payment shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

19. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE PERFORMED ENTIRELY THEREIN and may not be waived, amended, released or otherwise changed except by a writing signed by BDCC. This Guaranty and every part thereof shall be effective upon delivery to BDCC, without further act, condition or acceptance by BDCC, shall be binding upon the Guarantor and upon the legal representatives, successors, and assigns of the Guarantor, and shall inure to the benefit of BDCC, its successors, legal representatives, and assigns. The Guarantor waives notice of BDCC's acceptance hereof. This Guaranty may be executed in counterparts and by different parties hereto on separate counterpart signature pages each of which shall be an original, but all together to be one and the same instrument.

20. The Guarantor hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in the County of New York for purposes of all legal proceedings arising out of or relating to this Guaranty or the transactions contemplated hereby. The Guarantor irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such court has been brought in an inconvenient forum. THE GUARANTOR AND BDCC EACH HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty Agreement to be executed and delivered as of the date first above written.

“GUARANTOR”

SIMEX-IWERKS MYRTLE BEACH, LLC

BY: Iwerks Entertainment, Inc., its Sole Member

By: 

Name: Michael Needham

Title: President and Chief Executive Officer

Address:

210 King Street East, Suite 600

Toronto, ON M5A 1J7 Canada


Telephone: 416-597-1585 x208

Fax: 416-597-0350

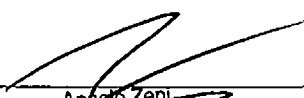
Email: Milan Ghosh: milangh@simex.ca

Accepted and agreed to as of the date first above written.

BDC CAPITAL INC.

By 
Name Kyle Feucht
Title Director
Growth & Transition Capital

and

By 
Name Angelo Zeni
Title Managing Director
Growth & Transition Capital

Address:
121 King Street West, Suite 1200
Toronto, Ontario M5H 3T9 Canada
Fax: (416) 954-5002

IMPORTANT NOTICE TO GUARANTOR

You are being asked to guarantee this debt. Think carefully before you do. If the debtor doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may also have to pay late fees or collection costs, which increase this amount.

BDCC can collect this debt from you without first trying to collect from the debtor. BDCC can use the same collection methods against you that can be used against the debtor, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become part of your credit record.

This notice is not the contract that makes you liable for the debt.

TAB O

This is Exhibit "O" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to read "S. Lamy", written over a solid horizontal line.

A commissioner for taking affidavits.

Enquiry Result

File Currency: 09JAN 2024







Show All Pages

Note: All pages have been returned.

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.								
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	621697662	1	4	1	14	03JAN 2031			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
621697662		01	001		20060103 1047 1529 0196	P PPSA	10		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SIMEX INC.								
	Address				City	Province	Postal Code		
	511 KING STREET WEST, SUITE 130				TORONTO	ON	M5V 2Z4		
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								
	ROYAL BANK OF CANADA								
	Address				City	Province	Postal Code		
	260 EAST BEAVER CREEK ROAD, SUITE 201				RICHMOND HILL	ON	L4B 3M3		
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			
	TORYS LLP			
Address	City	Province	Postal Code	
SUITE 3000, 79 WELLINGTON ST. W. TD CENT	TORONTO	ON	M5K 1N2	

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.								493
File Currency	09JAN 2024								
	File Number	Family	of Families	Page					of Pages
	621697662	1	4	2					14
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		01	001		20151223 1035 1529 2485				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	621697662		X	B RENEWAL	5				
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	SIMEX INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
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 or Secured Party/ Lien Claimant								
	CANADIAN SECURITIES REGISTRATION SYSTEMS								

	Address	City	Province	Postal Code
	4126 NORLAND AVENUE	BURNABY	BC 494	V5G 3S8

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.								495
File Currency	09JAN 2024								
	File Number	Family	of Families	Page					of Pages
	621697662	1	4	3					14
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	001		20180423 1353 1862 1147				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	621697662		X	B RENEWAL	5				
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	SIMEX INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
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 or Secured Party/ Lien Claimant								
	WILDEBOER DELLELCE LLP (PA-M)								

	Address	City	Province	Postal Code
	365 BAY STREET, SUITE 800	TORONTO	ON 496	M5H 2V1

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.								497
File Currency	09JAN 2024								
	File Number	Family	of Families	Page					of Pages
	621697662	1	4	4					14
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		01	001		20201127 1933 1531 3128				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	621697662		X	B RENEWAL	5				
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	SIMEX INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
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 or Secured Party/ Lien Claimant								
	CANADIAN SECURITIES REGISTRATION SYSTEMS								

	Address	City	Province	Postal Code
	4126 NORLAND AVENUE	BURNABY	BC 498	V5G 3S8

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						499		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	726465978	2	4	5	14	10APR 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
726465978		001	6		20170410 1401 5064 0237	P PPSA	07		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SIMEX INC.								
	Address				City	Province	Postal Code		
	511 KING ST W				TORONTO	ON	M5V 1K4		
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								
	WELLS FARGO EQUIPMENT FINANCE COMPANY								
	Address				City	Province	Postal Code		
	2300 MEADOWVALE BLVD				MISSISSAUGA	ON	L5N 5P9		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X						
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	ALL GOODS WHICH ARE PHOTOCOPIERS, MULTIFUNCTION DEVICES, PRINTERS, 3D PRINTERS, PRODUCTION PRINTERS, INDUSTRIAL INKJETS, DIGITAL PRESSES, FAX MACHINES, PROJECTORS, VIDEO CONFERENCING, INTERACTIVE								
Registering Agent	Registering Agent								
	SECUREFACT TRANSACTION SERVICES, INC.								
	Address				City	Province	Postal Code		
	365 BAY STREET SUITE 300				TORONTO	ON	M5H 2V1		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						500		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	726465978	2	4	6	14	10APR 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
726465978		002	6		20170410 1401 5064 0237				
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		
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 WHITEBOARDS, SERVERS, AND SOFTWARE, OFFICE FURNITURE (CHAIRS, TABLES, ACCESSORIES), TELEPHONY, COMPUTERS, TELECONFERENCING EQUIPMENT, MAILING SYSTEMS, FOLDER INSERTERS. THE GOODS DESCRIBED HEREIN								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						501		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	726465978	2	4	7	14	10APR 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
726465978		003	6		20170410 1401 5064 0237				
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		
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								
	TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						502		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	726465978	2	4	8	14	10APR 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
726465978		004	6		20170410 1401 5064 0237				
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			
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								
	COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE								
Registering Agent	Registering Agent								
	Address			City	Province	Postal Code			

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						503		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	726465978	2	4	9	14	10APR 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
726465978		005	6		20170410 1401 5064 0237				
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		
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								
	COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						504		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	726465978	2	4	10	14	10APR 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
726465978		006	6		20170410 1401 5064 0237				
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		
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								
	COLLATERAL OR PROCEEDS OF THE COLLATERAL. (REFERENCE NO. 9913996-001)								
	(FOR INTERNAL USE ONLY) (AS MAY BE AMENDED OR UPDATED FROM TIME TO TIME)								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						505		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	727381332	3	4	11	14	08MAY 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
727381332		01	003		20170508 1036 8077 3077	P PPSA	7		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SIMEX INC.								
	Address				City	Province	Postal Code		
	130-511 KING ST. W.				TORONTO	ON	M5V 1K4		
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								
	RCAP LEASING INC.								
	Address				City	Province	Postal Code		
	5575 NORTH SERVICE RD, STE 300				BURLINGTON	ON	L7L 6M1		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
			X	X	X				X
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	ALL PHOTOCOPIER EQUIPMENT FROM TIME TO TIME LEASED BY THE								
	SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES								
	AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN								
Registering Agent	Registering Agent								
	REGISTRY = RECOVERY INC.								
	Address				City	Province	Postal Code		
	1551 THE QUEENSWAY				TORONTO	ON	M8Z 1T5		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						506		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	727381332	3	4	12	14	08MAY 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
727381332		02	003		20170508 1036 8077 3077				
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		
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								
	THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						507		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	727381332	3	4	13	14	08MAY 2024			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
727381332		03	003		20170508 1036 8077 3077				
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		
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		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	SIMEX INC.						508		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	740640528	4	4	14	14	18JUN 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
740640528		001	1		20180618 1618 1590 2687	P PPSA	9		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	SIMEX INC.								
	Address				City	Province	Postal Code		
	210 KING STREET EAST, SUITE 600				TORONTO	ON	M5A 1J7		
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								
	BDC CAPITAL INC.								
	Address				City	Province	Postal Code		
	121 KING STREET WEST, SUITE 1200				TORONTO	ON	M5H 3T9		
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								
	CHAITONS LLP (ARAN KWINTA/IV)								
	Address				City	Province	Postal Code		
	5000 YONGE STREET, 10TH FLOOR				TORONTO	ON	M2N 7E9		

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Enquiry Result

File Currency: 09JAN 2024

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Type of Search	Business Debtor								
Search Conducted On	IWERKS ENTERTAINMENT, INC.								
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	720155934	1	2	1	3	31AUG 2026			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
720155934		001	1		20160831 1452 1590 5931	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	IWERKS ENTERTAINMENT, INC.								
	Address			City	Province	Postal Code			
	511 KING STREET WEST, SUITE 130			TORONTO	ON	M5V 1K4			
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								
	ROYAL BANK OF CANADA								
	Address			City	Province	Postal Code			
	20 KING STREET WEST, MAIN FLOOR			TORONTO	ON	M5H 1C4			
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								
	THIS IS A RE-PERFECTION OF REFERENCE FILE NO. 621697671								

Registering Agent	Registering Agent			
	WILDEBOER DELLELCE LLP			
	Address	City	Province	Postal Code
	800-365 BAY STREET	TORONTO	ON	M5H 2V1

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	IWERKS ENTERTAINMENT, INC.								513
File Currency	09JAN 2024								
	File Number	Family	of Families	Page					of Pages
	720155934	1	2	2					3
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	001		20180423 1353 1862 1146				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	720155934		X	B RENEWAL	5				
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	IWERKS ENTERTAINMENT, INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
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 or Secured Party/ Lien Claimant								
	WILDEBOER DELLELCE LLP (PA-M)								

	Address	City	Province	Postal Code
	365 BAY STREET, SUITE 800	TORONTO	ON 514	M5H 2V1

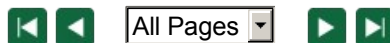
END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	IWERKS ENTERTAINMENT, INC.						515		
File Currency	09JAN 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	740640582	2	2	3	3	18JUN 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
740640582		001	1		20180618 1620 1590 2690	P PPSA	9		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	IWERKS ENTERTAINMENT, INC.								
	Address				City	Province	Postal Code		
	210 KING STREET EAST, SUITE 600				TORONTO	ON	M5A 1J7		
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								
	BDC CAPITAL INC.								
	Address				City	Province	Postal Code		
	121 KING STREET WEST, SUITE 1200				TORONTO	ON	M5H 3T9		
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								
	CHAITONS LLP (ARAN KWINTA/IV)								
	Address				City	Province	Postal Code		
	5000 YONGE STREET, 10TH FLOOR				TORONTO	ON	M2N 7E9		

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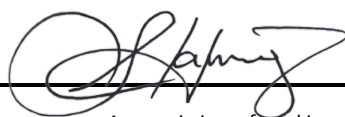
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TAB P

This is Exhibit "P" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'R. King', written over a horizontal line.

A commissioner for taking affidavits.

SUBORDINATION AND PRIORITIES AGREEMENT

As at this 29th day of June, 2018 by and between

SIMEX INC.

and

IWERKS ENTERTAINMENT, INC.

and

SIMEX SANTA'S LATE INC.

and

CIMEMA 4D INC.

and

6618359 CANADA INC.

and

6618391 CANADA INC.

and

SIMEX-IWERKS MYRTLE BEACH, LLC

(together with each of their respective successors and permitted assigns hereinafter collectively called the "Companies")

and

**BDC CAPITAL INC., a wholly-owned subsidiary of
Business Development Bank of Canada**

(together with its successors and assigns hereinafter called "BDC")

and

ROYAL BANK OF CANADA

(together with its successors and assigns hereinafter called the "Lender")

WHEREAS:

- A. Each of the Companies is or will be indebted or liable to BDC in respect of a credit facility established and other accommodation granted pursuant to the BDC Credit Documents and has granted or agreed to grant to BDC a registered security interest in all of the Companies' present and after-acquired personal property and such other security as BDC may from time to time receive from any Company to secure all such indebtedness and liability;
- B. Each of the Companies is or will be indebted or liable to the Lender in respect of credit facilities established and other accommodation granted pursuant to the Lender Credit Documents and has granted or agreed to grant to the Lender a registered security interest in all of the Companies' present and after-acquired personal property and such other security as the Lender may from time to time receive from any Company to secure all such indebtedness and liability; and
- C. The parties hereto have agreed to enter into this agreement in order to set out the respective priorities of the BDC Security and the Lender Security and to confirm the subordination of the BDC Indebtedness to the Lender Indebtedness.

NOW THEREFORE in consideration of the premises and other good and valuable consideration, the parties hereto covenant and agree as follows:

ARTICLE 1 - CONSENT

- 1.01 BDC hereby consents to the creation, execution, delivery and registration, filing and perfection of the Lender Security and to the incurring by the Companies of the Lender Indebtedness.
- 1.02 The Lender hereby consents to the creation, execution, delivery and registration, filing and perfection of the BDC Security and to the incurring by the Companies of the BDC Indebtedness.

ARTICLE 2 - INTERPRETATION

- 2.01 The preamble hereto forms an integral part of this Agreement.
- 2.02 In this Agreement, the following terms shall have the following meanings:
- (a) "**Bankruptcy Code**" shall mean Chapter 11 of Title 11 of the United States Code, as amended from time to time and any successor statutes and all rules and regulations promulgated thereunder
 - (b) "**BDC Commitment Agreement**" means letter offer of financing dated June 15, 2018 among BDC and certain of the Companies, as such letter offer of financing may be amended, modified, supplemented, renewed, restated, replaced or otherwise changed from time to time in accordance with this Agreement.
 - (c) "**BDC Credit Documents**" means the BDC Commitment Agreement, all documents, instruments and agreements in respect of the BDC Commitment Agreement, the BDC Security and the guarantees granted by each of the Companies to BDC and all collateral documents related to the foregoing, as each

- 3 -

such document may be amended, modified, supplemented, renewed, restated, replaced or otherwise changed from time to time in accordance with this Agreement.

- (d) **"BDC Indebtedness"** means all debts, liabilities and obligations of the Companies to BDC, including any interest accruing thereon after the commencement of an Insolvency Event (without regard to whether or not such interest is an allowed claim), now or hereafter existing, whether direct or indirect, absolute or contingent, matured or unmatured, whether as primary debtor or surety, arising under, in connection with or pursuant to the BDC Credit Documents.
- (e) **"BDC Security"** means any lien or security interest held at any time and from time to time by or for the benefit of BDC with respect to any of the Collateral to the extent such lien or security interest secures the payment and/or performance of the BDC Indebtedness in whole or in part, and any other obligations of the Companies to BDC, including, without limitation, all liens and security interests granted under security delivered pursuant to or continued under the BDC Commitment Agreement, as such security may be amended, modified, supplemented, renewed, restated, replaced or otherwise changed from time to time.
- (f) **"Collateral"** means all assets, property and undertaking of the Companies now owned or hereafter owned or acquired and which are subject to the Lender Security and/or the BDC Security, and all proceeds thereof.
- (g) **"Collection Action"** shall mean, with respect to the Lender Indebtedness or the BDC Indebtedness, any action: (i) to sue for, take or receive from or on behalf of any Company, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by any Company with respect to the Lender Indebtedness or the BDC Indebtedness, (ii) to initiate or participate with others in any suit, action or Proceeding against any Company or its property or assets to (x) enforce payment of or to collect the whole or any part of the Lender Indebtedness or the BDC Indebtedness or (y) commence judicial enforcement of any of the rights and remedies under the Lender Credit Documents or applicable law with respect to the Lender Indebtedness or under the BDC Credit Documents or applicable law with respect to the BDC Indebtedness, (iii) to accelerate any Lender Indebtedness or BDC Indebtedness, (iv) to cause any Company to honour any redemption, put or mandatory payment obligation with respect to the Lender Indebtedness or the BDC Indebtedness or any other equity interests of any Company, or (v) to take any action under the provisions of any state, local, federal, or foreign law, including, without limitation, the PPSA or the UCC (or similar legislation in any other jurisdiction), or under any contract or agreement, to enforce, foreclose upon, take possession of or sell any property or assets of any Company.
- (h) **"Credit Documents"** means collectively the Lender Credit Documents and the BDC Credit Documents, and **"Credit Document"** means any one of them.
- (i) **"Demand"** means a demand made on the Companies by the Lender under the Lender Credit Agreement, or by BDC under the BDC Commitment Agreement, for payment of the Lender Indebtedness owing to the Lender or the BDC

Indebtedness owing to BDC, as the case may be, and the acceleration of all related liabilities and obligations.

- (j) **"Event of Default"** means the occurrence or existence of any event or condition which, pursuant to the terms of the Lender Credit Agreement or the BDC Commitment Agreement, as applicable, constitutes an event of default thereunder (including, without limitation, any Demand made by the Lender in respect of any of the Lender Indebtedness).
- (k) **"Insolvency Event"** means the occurrence of any of the following events:
- (i) if any of the Companies shall make a general assignment for the benefit of creditors or any proceedings shall be instituted by or petition filed by any of the Companies seeking an order for relief on behalf of any of them, as debtor, or to adjudicate any of them a bankrupt or insolvent, or seeking liquidation, winding-up reorganization, reorganization, arrangement, adjustment or composition of any of them or any of their respective debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or similar official for any of them or any substantial part of their respective property and assets or any of them shall take any corporate action to authorize any of the actions set forth in this paragraph;
 - (ii) if any proceeding or petition shall be instituted or filed against any of the Companies seeking to adjudicate any of them a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of any of them or their respective debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or similar official for any of them or for any substantial part of their respective property and assets;
 - (iii) if a receiver, liquidator, trustee, sequestrator or other Person or officer with like powers is appointed, whether appointed privately or by court order, with respect to, or an encumbrancer takes possession of, or forecloses or retains, or sells, or otherwise disposes of, or otherwise proceeds to enforce security over, all or substantially all of the property or assets of any of the Companies; and
 - (iv) any Proceeding.
- (l) **"Insolvency Legislation"** means the Bankruptcy and *Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the Bankruptcy Code or any other law relating to bankruptcy, insolvency, liquidation, receivership, winding-up, reorganization, arrangement, adjustment, composition, fraudulent preferences, fraudulent conveyances, or relief of debtors and any similar statute or law in any jurisdiction.
- (m) **"Lender Credit Agreement"** means an amended and restated credit commitment letter dated April 20, 2018 among the Lender and certain of the Companies, as amended, modified, supplemented, renewed, restated, replaced or otherwise changed from time to time in accordance with this Agreement.

- (n) **"Lender Credit Documents"** means the Lender Credit Agreement, all documents, instruments and agreements in respect of the Lender Credit Agreement, all hedging and services agreements entered into with the Lender (or any affiliate thereof in respect of its Lender Indebtedness), the Lender Security and any guarantees granted by any of the Companies to the Lender, and all collateral documents related to the foregoing, as each such document may be amended, modified, supplemented, renewed, restated, replaced or otherwise changed from time to time.
- (o) **"Lender Indebtedness"** means all debts, liabilities and obligations of the Companies to the Lender, including any interest accruing thereon after the commencement of an Insolvency Event (without regard to whether or not such interest is an allowed claim), now or hereafter existing, whether direct or indirect, absolute or contingent, matured or unmatured, whether as primary debtor or surety, arising under, in connection with or pursuant to the Lender Credit Documents.
- (p) **"Lender Security"** means any lien or security interest held at any time and from time to time by or for the benefit of the Lender or any of its affiliates with respect to any of the Collateral to the extent such lien or security interest secures the payment and/or performance of the Lender Indebtedness in whole or in part, and any other obligations of the Companies to the Lender, including, without limitation, all liens and security interests granted under security delivered pursuant to or continued under the Lender Credit Agreement, as such security may be amended, modified, supplemented, renewed, restated, replaced or otherwise changed from time to time.
- (q) **"Life Insurance Policy"** means the life insurance policy on the life of Michael J. Needham held by SimEx Inc. and that is subject to the BDC Security.
- (r) **"Person"** means an individual, a partnership, a firm, a corporation, a trust, an unincorporated organization, a joint venture, a syndicate, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual; and words importing Persons shall have a similar meaning.
- (s) **"PPSA"** means the *Personal Property Security Act*, R.S.O. 1990, C. P10, as amended from time to time.
- (t) **"Proceeding"** shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person, including, without limitation, any of the foregoing under the Insolvency Legislation.
- (u) **"Realization Proceeds"** means all proceeds (including money, choses in action, securities, assets and other property) derived from any sale or disposition of, or other enforcement, realization proceedings or Collection Action with respect to, any of the Collateral: (a) after any Demand, (b) upon or after the occurrence of any Insolvency Event or other dissolution, liquidation or winding up, of any of the Companies or any other arrangement or marshalling of the Collateral that is

similar thereto, (c) upon or after the enforcement of, or any action taken with respect to, any of the Lender Security or the BDC Security, (d) as insurance or expropriation proceeds or any other payment representing indemnity or compensation for loss of, damage to or interruption in the business, operation or enjoyment of all or any part of the Collateral or any proceeds thereof (including money, choses in action, securities, assets and other property), or (e) as a result of the exercise of any right of set-off or other similar right or remedy following any Event of Default, in each case net of all costs, charges and expenses or liabilities incurred in connection with such sale, disposition, enforcement or realization, including legal fees and all proper costs, charges, expenses and liabilities of any Receiver.

- (v) "Receiver" means a receiver, a manager, a trustee, a receiver and manager, an interim receiver appointed under the *Bankruptcy and Insolvency Act* (Canada) or the Bankruptcy Code or any similar statute in any other jurisdiction, whether privately appointed or appointed by court order, any agent appointed by the Lender whether under its Lender Security or otherwise to exercise all or any of the remedies thereunder, a trustee in bankruptcy or a liquidator or other officer with similar powers for the liquidation, dissolution or other winding up of a Person
- (w) "UCC" shall mean the Uniform Commercial Code as is in effect in the State of New York and as the same may be amended from time to time.

ARTICLE 3 - PRIORITIES

- 3.01 (a) Other than in respect of the Life Insurance Policy and the proceeds received thereunder, subject to the terms and conditions of this Agreement, BDC hereby expressly subordinates and postpones in favour of the Lender all of BDC's rights in and to the Collateral.
- (b) Subject to the terms and conditions of this Agreement, the Lender hereby expressly subordinates and postpones in favour of BDC all of the Lender's rights in and to the Life Insurance Policy and the proceeds received thereunder.
- 3.02 The subordinations and postponements herein shall apply in all events and circumstances regardless of:
 - (a) the time or order of creation, execution, delivery, attachment or perfection of the Lender Security and/or the BDC Security and all existing and hereafter acquired liens and security interests;
 - (b) the method of perfection of the Lender Security and/or the BDC Security;
 - (c) the time or order of registration or filing of financing statements, land registration forms or other recording of the Lender Security and/or the BDC Security;
 - (d) the giving of or failure to give notice of the acquisition of any additional Lender Security and/or the BDC Security;
 - (e) the date or dates of any existing or future advance or advances made or other credit accommodation granted by the Lender to the Companies pursuant to the

Lender Credit Agreement, including the time of any advance made or other credit accommodation given under any line of credit made available to the Companies by the Lender under the Lender Credit Agreement;

- (f) the date or dates of any default by the Companies in respect of the Lender Indebtedness or the BDC Indebtedness, or any default under the Lender Security and/or the BDC Security, or any demand for repayment arising therefrom;
- (g) the date of crystallization of any floating charge contained in the Lender Security and/or the BDC Security;
- (h) the date of commencement of enforcement proceedings under the Lender Security and/or the BDC Security, including without limitation the date of any Notice of Intention to Enforce Security given under the *Bankruptcy and Insolvency Act* (Canada);
- (j) the date or dates of execution, delivery, attachment, registration, perfection or re-perfection of all or any portion of any agreement, document or instrument creating the Lender Security and/or the BDC Security;
- (k) the place or jurisdiction of execution, delivery, attachment, registration, perfection or re-perfection of all or any portion of the BDC Indebtedness or the Lender Indebtedness and/or the Lender Security and/or the BDC Security, or any agreement, document or instrument creating same;
- (l) any other matter which may affect the relative priorities of the BDC Indebtedness and the Lender Indebtedness and/or the Lender Security and/or the BDC Security; or
- (m) the priorities otherwise accorded to the Lender Security and/or the BDC Security by any applicable laws.

To the extent required to protect the priorities established in this Agreement, at the reasonable request of the Lender and at the expense of the Companies, BDC and each Company will execute and file or record PPSA and UCC finance statements and amendments (and equivalents in other jurisdictions) amending their respective financing statements to reflect the priorities established in this Agreement. The parties hereto intend that this Agreement be enforceable under any Proceeding.

- 3.03 Any proceeds including, without limitation, any insurance proceeds received by any of the Companies or by BDC or the Lender in respect of the Collateral shall be dealt with according to the provisions of this Agreement as though such proceeds were paid or payable as Realization Proceeds of the Collateral for which they compensate.
- 3.04 If any of the BDC Security or the Lender Security is claimed or found by a trustee in bankruptcy or a court of competent jurisdiction to be unenforceable, invalid, unregistered or unperfected as against a third party, then the foregoing provisions of this Article 3 shall not apply to such BDC Security or Lender Security, as the case may be, to the extent that such BDC Security or Lender Security, as the case may be, is so found to be unenforceable, invalid, unregistered or unperfected as against a third party unless the secured party shall be diligently contesting such a claim.

- 3.05 Upon the occurrence of any Event of Default, the Companies and BDC shall permit the Lender and its employees, agents and contractors access at all reasonable times to any property and assets of the Companies upon which it has a prior charge or security interest in accordance with the terms of this Agreement and to permit the Lender to remove such property and assets from the premises of the Companies at all reasonable times without interference, provided that the Lender shall promptly repair any damage caused to the premises by the removal of any such property or assets.
- 3.06 No right of the Lender to enforce the subordination and other provisions of this Agreement shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of any of the Companies, or by any act or failure to act on the part of the Lender or any agent or consultant of, or trustee for, the Lender, or by any non-compliance by any of the Companies with any of the agreements or instruments relating to the Lender Indebtedness or the BDC Indebtedness, regardless of any knowledge thereof which the Lender may have or with which the Lender may otherwise be charged. Without limiting the generality of the foregoing but in no way relieving BDC or the Companies of their respective obligations under this Agreement, the Lender may at any time and from time to time, without the consent of BDC and without impairing or releasing the subordination and other benefits provided in this Agreement or the obligations hereunder of BDC to the Lender, do any one or more of the following:
- (a) amend, supplement, modify, restate, replace or otherwise change from time to time any Lender Credit Document (provided such is not a breach of the provisions of this Agreement);
 - (b) upon the occurrence of any Event of Default, sell, realize upon, enforce or otherwise deal with any assets pledged or mortgaged or otherwise securing the Lender Indebtedness in such manner as permitted by law;
 - (c) settle or compromise any of the Lender Indebtedness, or any security therefor or any liability incurred directly or indirectly in respect thereof, and apply any sums by whomsoever paid and however realized to the Lender Indebtedness in any manner or order;
 - (d) exercise or delay in or refrain from exercising any right or remedy against any of the Companies or any guarantor of the Lender Indebtedness or any security or any other Person, and elect any remedy against any of the Companies and any guarantor of the Lender Indebtedness; and
 - (e) grant time or other indulgences to any of the Companies and may give up or abstain from taking advantage of the Lender Security in whole or in part and may discharge any part or parts of or accept any composition or arrangements or realization on the Lender Security in such manner and when the Lender may deem expedient.
- 3.07 The Lender shall be entitled to amend, restate, modify, supplement, replace or otherwise change (collectively, "Change") the Lender Credit Agreement from time to time without any requirement to receive authorization or consent from BDC (but with the requirement that notification of the applicable Change be provided to BDC) to the extent that any such Change has the effect of:

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- (i) increasing the amount available to the Companies under and pursuant to the revolving demand facilities (the "**Lender Revolving Facilities**") set forth in the Lender Credit Agreement (as at the date hereof, identified in the Lender Credit Agreement as Facility #1, Facility #2, Facility #3 and Facility #5) to an aggregate principal amount not in excess of \$25,000,000 (including, for greater certainty, a commensurate increase to the Borrowing Limit (as such term is defined in the Lender Credit Agreement as at the date hereof)), or
- (ii) Changing:
 - (x) the availability to the Companies of the Lender Revolving Facilities (including, without limitation, any Change to the Borrowing Limit (as such term is defined in the Lender Credit Agreement as at the date hereof) or the calculation thereof or any of the defined terms contained therein (including, without limitation, "Potential Prior-Ranking Claims", "Good Canadian/US Accounts Receivable" and "Good EDC Foreign Accounts Receivable", and other defined terms as may relate thereto as may be contemplated now or in the future in the Lender Credit Agreement)), or
 - (y) all or any of the pricing, fees and other amounts as may be due or owing to the Lender in respect of the Lender Revolving Facilities (including, without limitation, interest and fees applicable to "RBP Loans" and "RBUSTR Loans", fees applicable in respect of "LCs" and "LGs", monthly management fees, annual review fees, renewal fees and such other fees, costs, expenses, indemnities and other amounts as may be contemplated now or in the future as being applicable in any manner in respect of the Lender Revolving Facilities).

To the extent any Change is contemplated to be made outside of the above parameters of i) and ii) above, the Lender may only Change the Lender Credit Agreement with the prior written consent of BDC.

- 3.08 BDC may only Change the BDC Credit Documents to be more onerous to the Companies with the prior written consent of the Lender.
- 3.09 If any Person, other than BDC and the Lender, shall have a valid claim, right or interest in or to any of the present or after-acquired personal property of the Companies or any of them which is subject to all or any part of the BDC Security or the Lender Security, or the proceeds thereof, in priority to or on a parity with one of BDC and the Lender but not in priority to or on a parity with the other, then this Agreement shall not apply so as to diminish the rights (as such rights would have been but for this Agreement) of such other Secured Party to such property or the proceeds thereof.
- 3.10 This Agreement is not intended to affect the priority of any third party claims and no such parties may benefit from anything contained herein.
- 3.11 Nothing in this Agreement shall affect the priority of purchase money security interests (as defined in the PPSA or in the UCC) properly perfected under the PPSA and/or under the UCC and hereafter acquired by BDC or the Lender in specific equipment of any of the Companies.

- 3.12 Nothing in this Agreement affects the priority of any security over any of the Companies' real property interests held by BDC or the Lender. The real property interests of the Companies are excluded from the operation of this Agreement.

ARTICLE 4 - COVENANTS OF THE COMPANIES

- 4.01 Each of the Companies hereby confirms to and agrees with BDC and the Lender that so long as there remains any BDC Indebtedness or Lender Indebtedness, each such Company shall stand possessed of its assets so charged for BDC and for the Lender in accordance with their respective interests and priorities as herein set out.
- 4.02 Each of the Companies hereby acknowledges and consents to the interests of the Lender and BDC in its property and assets set forth in this Agreement and undertakes not to take any action or omit to take any action in connection with its assets that would frustrate or compromise the subordination and postponement arrangements of the Lender and BDC established under this Agreement.

ARTICLE 5 – STANDSTILL APPLIED AGAINST BDC

- 5.01 If, following the occurrence of any Event of Default which is (i) a default in payment of any principal, interest or other amounts owing by the Companies to the Lender, or (ii) any default in any financial covenant ratio or breach of a margining covenant pursuant to the terms and conditions of the Lender Credit Agreement (as it exists on the date hereof and as amended with the prior written consent of BDC), or (iii) a default in any of the negative covenants set out in the Lender Credit Agreement (as it exists on the date hereof and as may be set out in any amendment to the Lender Credit Agreement which was either consented to by BDC or was effective at least 6 months prior to the date of the Default Notice), which default is continuing and has not been waived by the Lender, BDC and the Companies have received written notice from the Lender (a "Default Notice") requiring the commencement of a Standstill Period (as hereinafter defined) and stating that such Event of Default has occurred and is continuing and containing a description of such Event of Default in reasonable detail, then the Companies shall not be entitled to make to BDC, and BDC shall not be entitled to receive from the Companies (other than the proceeds of the Life Insurance Policy), any payments of principal, interest, fees or any other amounts during the period (a "Standstill Period") commencing from the time of receipt by BDC of any such Default Notice until the date which is the earlier of any of the following dates:
- (a) the date which is one-hundred and twenty (120) days following the date the Default Notice was received by BDC and the Companies;
 - (b) the date that the Event of Default described in the Default Notice is cured by the Companies or any of them or any other Person on its or their behalf or the Default Notice is revoked in writing by the Lender;
 - (c) the date the Lender Indebtedness has been irrevocably and permanently repaid, performed and discharged in full in immediately available cash and the credit facilities established and other credit accommodations granted from time to time by the Lender in favour of the Companies have been terminated; and
 - (d) any proceedings (beyond the issuance of a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)) have been initiated by or against any

of the Companies under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any similar statute or law in any jurisdiction of similar application, by the Lender or any creditor other than BDC.

- 5.02 The Lender and BDC acknowledge that the Lender shall not issue a subsequent Default Notice unless the Event of Default at the time of the issuance of the prior Default Notice has been subsequently cured or waived by the Lender.
- 5.03 BDC and the Companies acknowledge, confirm and agree that if: (a) BDC and the Companies have received a Default Notice from the Lender implementing a Standstill Period; and (b) prior to receipt of such Default Notice, the Companies made a payment to BDC on account of principal, interest, fees or any other amounts or otherwise within the 30 day period immediately prior to receipt by BDC of the Default Notice (the "Applicable Payment Date") which payment to BDC (the "Applicable Payment") caused (in whole or in part) such Event of Default or was made at a time when a default or an Event of Default existed for which no Default Notice had been issued by the Lender due solely to the fact that the Lender did not have on the Applicable Payment Date the financial information of any of the Companies necessary to determine that a default or an Event of Default had occurred; and (c) the Lender includes within the Default Notice a requirement that BDC repay the Applicable Payment made by the Companies to BDC within such 30 day period; then
- (i) BDC shall forthwith repay such Applicable Payment to the Company that made the payment; and
 - (ii) the loan account between the Companies and BDC shall be adjusted to reflect that no such payment had been made by the Companies to BDC; and
 - (iii) for the purposes of section 5.01(a) only, the Default Notice shall be deemed to have been received by the Companies and BDC on the Applicable Payment Date and the time period for the Standstill Period referred to in section 5.01(a) shall be shortened accordingly.
- 5.04 BDC covenants and agrees that it shall not, nor shall it be entitled to, commence or maintain any other enforcement, foreclosure, sale, realization or seizure proceedings, either judicial or extra-judicial or otherwise, or exercise any other rights or remedies in respect of the BDC Credit Documents including any interest it may have whether by operation of law or otherwise during any Standstill Period except in respect of the proceeds of the Life Insurance Policy. Notwithstanding the foregoing, BDC may during any Payment Standstill or at any other time (i) file a proof of claim or attend and vote at a meeting of creditors in connection with any action, suit or proceeding whether under the *Bankruptcy and Insolvency Act* (Canada) or otherwise, (ii) take action for non-payment of the indebtedness owing to BDC for the purposes of obtaining a monetary judgment in respect thereof, provided that no measure is taken to enforce any judgment granted in such action, (iii) take action that is required to preserve the validity, efficacy or priority of the BDC Security, (iv) take action for conversion of any non-fixed charge to a fixed charge to the extent applicable, (v) give notice of default, demand for payment or acceleration of the indebtedness owing, and/or (vi) issue one or more statutory notices (including, without limitation, a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada)).

- 5.05 The Lender hereby confirms and agrees with BDC that the Lender may not exercise its rights under section 5.01 to the extent that the aggregate number of days during which a Standstill Period exceeds or will exceed one-hundred and twenty (120) days in any consecutive 365-day period. For purposes of clarification, the foregoing limitation shall not restrict the Lender from exercising any and all of its rights and remedies against the Companies or any of them upon the occurrence of an Event of Default under any of the Lender Credit Documents.
- 5.06 BDC shall deliver to the Lender any notice of default pursuant to the BDC Credit Documents, any notice of an acceleration of any BDC Indebtedness, any Collection Action or any Demand made upon any of the Companies pursuant to the BDC Credit Documents promptly following the delivery of such notice of default or Demand, as the case may be, to the Companies. The Lender shall deliver to BDC any notice of default pursuant to the Lender Credit Documents, any notice of acceleration of any Lender Indebtedness, any Collection Action or any Demand made upon any of the Companies pursuant to the Lender Credit Documents promptly following the delivery of such notice of default or Demand, as the case may be, to the Companies.

BDC agrees to use its commercially reasonable efforts to provide written notice to the Lender after BDC becomes aware that any Event of Default has been cured provided however that BDC shall have no liability to the Lender or any of the Companies for its failure to provide such notice. The Lender agrees to use its commercially reasonable efforts to provide written notice to BDC after the Lender becomes aware that any Event of Default has been cured provided however that the Lender shall have no liability to BDC or any of the Companies for its failure to provide such notice.

- 5.07 The Lender hereby confirms and agrees with BDC that, after the expiration of any Standstill Period provided for herein and provided another Standstill Period is not then commenced or existing, BDC shall be entitled to receive and the Companies shall be obligated to pay to BDC all payments of arrears which would have been paid during the Standstill Period had the Standstill Period not been invoked by the Lender including interest on such outstanding payment amounts, provided that such payment will not cause a further default or Event of Default under the Lender Credit Documents. Nothing herein shall obligate the Lender to make credit facilities available to any of the Companies in an amount required for the Companies to satisfy any of their payment or other obligations to BDC.
- 5.08 If, after having taken advantage for the first time of a Standstill Period, the Lender acknowledges that BDC may require a Company to consent to the following requirements, without such request constituting a default or an Event of Default pursuant to the Lender Credit Agreement, and to undertake to do all the necessary acts in order for these conditions to be fulfilled within a period of thirty (30) days from the date of such demand from BDC, to that effect:
- (a) to have a BDC appointed representative to attend, as an observer, to all meetings of the board of directors or partners, as applicable, of any Company, during which meetings such observer shall be entitled to participate in discussions but not be entitled to vote;
 - (b) to hold a meeting of the board of directors or partners each month, at a place and date acceptable to BDC;

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- (c) to have a BDC appointed representative attend, as an observer, all general or special shareholders' or partner meetings of any Company, during which meetings such observer shall be entitled to participate in discussions but not be entitled to vote;
 - (d) to deliver to BDC a copy of any notice of meeting to directors' or shareholders' or partner's meetings, as the case may be, at least five (5) days in advance, as well as all the relevant documentation delivered to the directors and/or shareholders or partners of any Company; and
 - (e) to deliver to BDC a copy of the minutes of the directors', shareholders' and partners' meetings, within five (5) Business Days of such meeting, even if the observer appointed by BDC was not present at the meeting.
- 5.09 Prior to proceeding to enforce its security at a time when no Payment Standstill exists, BDC shall provide fifteen (15) days prior written notice of its intention to do so to the Lender. During such fifteen (15) day period, the Lender shall be entitled to give a Default Notice to BDC in accordance with Section 5.01, and a Standstill Period shall commence and BDC will be governed by Sections 5.01 and 5.04 and all of BDC's other obligations under this Agreement during such Standstill Period. If a Default Notice is not received by BDC during such fifteen (15) day period, BDC may proceed to demand payment on the Companies and enforce its security in accordance with this Agreement. If the Lender takes steps to enforce the Lender Security or any part thereof during such fifteen (15) day period then BDC may forthwith exercise any rights it may have to enforce the BDC Security, pursuant to the terms of this Agreement.

ARTICLE 6 – REALIZATION PROCEEDS

- 6.01 Notwithstanding any provision of the Lender Credit Documents or the BDC Credit Documents to the contrary, as between the Lender and BDC, other than in respect of the Life Insurance Policy and the proceeds received thereunder, all Realization Proceeds received by either the Lender or BDC from the Companies shall be paid, applied and distributed, without duplication, as follows:
- (a) firstly, on account of the costs and expenses of the sale, collection and realization of the Lender Security including the costs and expenses incurred by agents of the Lender, the costs and expenses of advisors and appraisers acting for or on behalf of the Lender, or by any Receiver appointed by the Lender, and including the legal fees and disbursements incurred by the Lender or any Receiver appointed by the Lender and all accounting, consulting and professional fees, costs and expenses;
 - (b) secondly, on account of the principal, interest, fees and other amounts due to the Lender to the extent of the repayment in full of the Lender indebtedness;
 - (c) thirdly, on account of the costs and expenses of the collection of the BDC Indebtedness including the costs and expenses incurred by agents of BDC, the costs and expenses of advisors and appraisers acting for or on behalf of BDC, or any receiver appointed by BDC, and including the legal fees and disbursements incurred by BDC or any receiver and all accounting, consulting and professional fees, costs and expenses;

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- (d) fourthly, on account of the principal, interest, fees and other amounts due to BDC to the extent of the repayment in full of the BDC Indebtedness;
 - (e) lastly, unless otherwise required by applicable law, to the Companies.
- 6.02 Notwithstanding any provision of the Lender Credit Documents or the BDC Credit Documents to the contrary, as between the Lender and BDC, all Realization Proceeds received by either the Lender or BDC in respect of the Life Insurance Policy, shall be paid, applied and distributed, without duplication, as follows:
- (a) firstly, on account of the costs and expenses of the collection of the BDC Indebtedness including the costs and expenses incurred by agents of BDC, the costs and expenses of advisors and appraisers acting for or on behalf of BDC, or any receiver appointed by BDC, and including the legal fees and disbursements incurred by BDC or any receiver and all accounting, consulting and professional fees, costs and expenses;
 - (b) secondly, on account of the principal, interest and fees due to BDC in respect of the BDC Indebtedness;
 - (c) thirdly, on account of the costs and expenses of the sale, collection and realization of the Lender Security including the costs and expenses incurred by agents of the Lender, the costs and expenses of advisors and appraisers acting for or on behalf of the Lender, or by any Receiver appointed by the Lender, and including the legal fees and disbursements incurred by the Lender or any Receiver appointed by the Lender and all accounting, consulting and professional fees, costs and expenses
 - (d) fourthly, on account of the principal, interest, fees and other amounts due to the Lender to the extent of the repayment in full of the Lender Indebtedness; and
 - (e) lastly, unless otherwise required by applicable law, to the Companies.
- 6.03 Each of the Lender and BDC acknowledge that any distribution to be made in accordance with this Article 6 shall be subject to applicable law and the rights of third parties. BDC hereby agrees that all payments received by the Lender may be applied, in whole or in part, to any of the Lender Indebtedness as the Lender in its sole discretion deems appropriate.

ARTICLE 7 - GENERAL

- 7.01 From time to time upon request therefor, BDC and the Lender may advise each other of the particulars of the indebtedness and liability of the Companies to each other and all security held by each therefor. The Companies hereby irrevocably and unconditionally consent to any exchange of information between BDC and the Lender as contemplated by this Section 7.01.
- 7.02 BDC and the Lender each agree that it will not transfer or assign any of its security from any of the Companies without first obtaining from the proposed assignee or transferee an agreement to be bound by the provisions of this Agreement.

7.03 Any notice required or permitted to be given pursuant to this Agreement shall be in writing and shall be well and sufficiently given if delivered personally or sent by prepaid registered mail to its address or by telecopier to the number and to the attention of the person set forth below:

(a) for BDC:

121 King Street West, Suite 1200
Toronto, Ontario, M5H 3T9

Attention: Managing Director, Subordinate Financing
Telecopier Number: (416) 954-5002

(b) for the Lender:

121 King Street West, Suite 700
Toronto, Ontario, M5H 3T9

Attention: Senior Account Manager
Telecopier Number: (416) 974-3456

Any such notice shall be deemed to be given and received, if delivered, when delivered, and if mailed, on the third business day following the date on which it was mailed, unless an interruption of postal services occurs or is continuing on or within the three business days after the date of mailing in which case the notice shall be deemed to have been received on the third business day after postal service resumes and if sent by telecopier on the next business day after the day on which the telecopy is sent. Either party may by notice to the other, given as aforesaid, designate a changed address or telecopier number.

7.04 Each of the Companies, BDC and the Lender shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the interests of this Agreement; provided however, that no consent of any of the Companies shall be necessary to any amendment of the terms hereof by BDC and the Lender.

7.05 This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof.

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

7.07 This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract and the parties hereto hereby submit to the non-exclusive jurisdiction of the courts of the Province of Ontario. Time shall be in all respects of the essence herein.

7.08 The rights, powers and remedies of the Lender under this Agreement shall be in addition to all rights, powers and remedies given to the Lender by virtue of any statute

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or rule of law, any agreement or instrument relating to the Lender Indebtedness or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently.

- 7.09 BDC hereby waives any right it may have to require the Lender to marshal in its favour.
- 7.10 **BDC, THE COMPANIES AND THE LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. EACH OF BDC, THE COMPANIES AND THE LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF BDC, THE COMPANIES AND THE LENDER WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.**
- 7.11 This Agreement constitutes the entire agreement among the parties hereto in respect of its subject matter and supersedes any prior agreements, undertakings, declarations, or representations, written or oral, in respect thereof.
- 7.12 This Agreement constitutes a continuing agreement, notwithstanding that any of the Companies may not be indebted to the Lender or BDC at any particular time. This Agreement shall be effective and may not be terminated or otherwise revoked by a party until: (a) all Lender Indebtedness shall have been permanently and irrevocably paid, performed and discharged in full in cash and all commitments to advance funds under the Lender Credit Documents have been terminated, or (b) the Lender agrees in writing to terminate this Agreement. This Agreement shall continue in full force and effect after the filing or commencement of any petition or Proceeding by or against any of the Companies under Insolvency Legislation.
- 7.13 It is acknowledged and agreed by the parties hereto that, as between the Lender and BDC, the terms of this Agreement shall govern the Credit Documents as if recited in all respects therein, and that, in the event of any conflict or inconsistency between the terms of this Agreement and those of any of the Credit Documents, as between the Lender and BDC, the terms of this Agreement shall in every respect govern. Notwithstanding the foregoing, nothing in this Agreement is intended to, nor shall it, in any way relieve the Companies of the obligation to repay to the Lenders their respective indebtedness in accordance with the terms of the applicable Credit Documents.
- 7.14 Nothing in this Agreement shall be construed so as to:
- (a) entitle any party not a signatory to this Agreement to receive any Realization Proceeds of any of the Collateral;
 - (b) confer any rights upon any of the Companies or any Person not a party to this Agreement, and the covenants and agreements of the Lender and BDC

- 17 -

contained herein shall only be enforceable as between the Lender and BDC and shall not be enforceable by the Companies; or

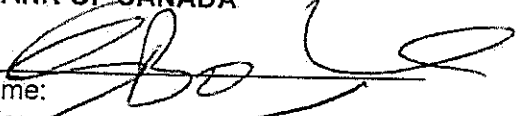
- (c) require or obligate the Lender or BDC to: (i) advance any monies or otherwise extend credit to the Companies at any time, or (ii) enforce or realize upon the Collateral.

7.15 If any of the provisions of this Agreement shall be held invalid or unenforceable by any court having jurisdiction, this Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto should be construed and enforced accordingly.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hand(s) of their duty authorized officer(s) on the date first above written.

ROYAL BANK OF CANADA

by: 
Name: _____
Title: _____

by:

Gregoire Bonhomme Director

Name: RBC Media & Entertainment
Title: _____

BDC CAPITAL INC.

by: _____
Name: _____
Title: _____

by: _____
Name: _____
Title: _____

IN WITNESS WHEREOF the parties hereto have executed this Agreement under the hand(s) of their duty authorized officer(s) on the date first above written.

ROYAL BANK OF CANADA

by: _____
Name:
Title:

by: _____
Name:
Title:

BDC CAPITAL INC.

by: 
Name: _____
Title: Kyle Feucht
Director
Growth & Transition Capital

by: 
Name: _____
Title: Angelo Zeni
Managing Director
Growth & Transition Capital

SIMEX INC.

by: Michael Needham
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

IWERKS ENTERTAINMENT, INC.

by: Michael Needham
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

SIMEX SANTA'S LATE INC.

by: Michael Needham
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

CINEMA 4D INC.

by: Michael Needham
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

6618359 CANADA INC.

by: Michael Needham
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

6618391 CANADA INC.

by: *Michael Needham*
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

SIMEX-IWERKS MYRTLE BEACH, LLC

by: *Michael Needham*
Name: Michael Needham
Title: President and CEO

by: _____
Name:
Title:

TAB Q

This is Exhibit “Q” referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to read "S. P. King", written over a solid horizontal line.

A commissioner for taking affidavits.

Court File No.:

ONTARIO
SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC.
SIMEX-IWERKS MYRTLE BEACH, LLC

Applicants

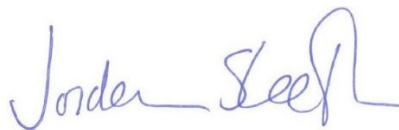
CONSENT

Deloitte Restructuring Inc. hereby consents to act as Court-appointed Monitor in these proceedings should such an Initial Order be granted by the Court.

Dated at Toronto this 17th day of January, 2024

DELOITTE RESTRUCTURING INC.

Per:



Name: Jordan Sleeth

Title: Senior Vice President

(I have the authority to bind the corporation)

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIMEX INC., IWERKS ENTERTAINMENT, INC.
SIMEX-IWERKS MYRTLE BEACH, LLC

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

Proceeding commenced at Toronto

MONITOR'S CONSENT

LOOPSTRA NIXON LLP
130 Adelaide St. West, Suite 2800
Toronto, ON Canada M5H 3P5

Graham Phoenix LSO#: 52650N
gphoenix@LN.law
Tel: 416.748.4776

Shahrzad Hamraz LSO #: 85218H
shamraz@LN.law
Tel: 416.748.5116

Lawyers for the Applicants

TAB R

This is Exhibit "R" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be "R. King", written over a solid horizontal line.

A commissioner for taking affidavits.



Royal Bank of Canada
20 King Street West, 2nd Floor
Toronto, Ontario M5H 1C4

January ____, 2024

Private and Confidential

SimEx Inc.

210 King St. East, Suite 600
Toronto, ON M5A 1J7

ROYAL BANK OF CANADA (the “**Bank**”) hereby offers the credit facilities described below (the “**Credit Facilities**”) subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the “**Agreement**”). Any and all security that has been delivered to the Bank and is set forth as Security below, shall remain in full force and effect, is expressly reserved by the Bank and, unless expressly indicated otherwise, shall apply in respect of all obligations of the Borrower under the Credit Facilities. Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or Events of Default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or Event of Default.

BORROWER: SimEx Inc. (the “**Borrower**”)

CREDIT FACILITIES

Facility #1: US\$600,000 non-revolving term facility by way of:

a) RBP based loans (“**RBP Loans**”) Variable interest rate (per annum): RBUSBR + 2%

AVAILABILITY

The Borrower may borrow up to the amount of this facility, provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict availability of any unutilized portion of this facility at any time from time to time without notice.

REPAYMENT

Payment Amount:	To be determined at the time of drawdown	Payment Frequency:	Monthly
Repayable in full on:	May 3, 2024	Original Amortization (months)	N/A

® Registered Trademark of Royal Bank of Canada

SRF #
NATDOCS\76117069\V-3

The specific repayment terms for Borrowings under this facility will be agreed between the Borrower and the Bank at the time of drawdown by way of a Borrowing Request substantially in the form of Schedule "C" provided by the Borrower and accepted by the Bank.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank, including, without limitation, any amounts outstanding under any Leases, if applicable, (collectively, the "Security"), shall include:

- a) All debts, liabilities and obligations of the Borrower to the Bank under or in connection with Credit Facility #1 (including, without limitation, Interest), this Agreement and any other documents executed in connection therewith shall be secured by a Court-ordered priority charge granted to the Bank in and to all present and future-acquired properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof (the "Charge"), subject only to a professional fee charge in the maximum aggregate amount of \$500,000 pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA Proceedings;
- b) Acknowledgment from Iwerks Entertainment, Inc. and SimEx-Iwerks Myrtle Beach, LLC and all other subsidiaries of the Borrower confirming that the guarantees previously granted to the Bank shall also apply to the amounts under Credit Facility #1 hereunder; and
- c) Such other assignments, authorizations, undertakings, contracts, or agreements required by the Bank.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) The Ontario Superior Court of Justice (Commercial List) granting an order approving Credit Facility #1 and the Charge (the "Order");
- b) the Bank is satisfied that no material adverse change in respect of the Borrower or any Guarantor shall have occurred after the date of the Order;
- c) a duly executed copy of this Agreement;
- d) such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require;
- e) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally:

- f) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank;
- g) no Borrowing under Facility #1 will be made available unless the Bank has received a Borrowing Request substantially in the form of Schedule "C".

GOVERNING LAW JURISDICTION

Province of Ontario.

[Remainder of this page intentionally left blank. Acceptance page follows.]

ACCEPTANCE

This Agreement is open for acceptance until January ____, 2024, after which date it will be null and void, unless extended by the Bank in its sole discretion.

ROYAL BANK OF CANADA

Per:
Title: Senior Director

RBC Contact: Nada Hamadi

_____ (initials)

We acknowledge and accept the terms and conditions of this Agreement on this _____ day of January, 2024

SIMEX INC.

By: _____
Name:
Title:

I/We have the authority to bind the Borrower

The undersigned, as Guarantor, as of this _____ day of January, 2024, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated January ____, 2024, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

IWERKS ENTERTAINMENT, INC.

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

The undersigned, as Guarantor, as of this _____ day of January, 2024, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated January ____, 2024, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

SIMEX SANTA'S LATE INC.

By: _____
Name:
Title:

I/We have the authority to bind the Guarantor

The undersigned, as Guarantor, as of this ____ day of January, 2024, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated January ____, 2024, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

CINEMA 4D INC.

By: _____
Name:
Title:
I/We have the authority to bind the Guarantor

The undersigned, as Guarantor, as of this ____ day of January, 2024, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated January ____, 2024, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

6618391 CANADA INC.

By: _____
Name:
Title:
I/We have the authority to bind the Guarantor

The undersigned, as Guarantor, as of this ____ day of January, 2024, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated January ____, 2024, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

SIMEX-IWERKS MYRTLE BEACH, LLC

By: _____
Name:
Title:
I/We have the authority to bind the Guarantor

The undersigned, as Guarantor, as of this ____ day of January, 2024, hereby acknowledges, confirms and agrees that its guarantee in favour of the Bank shall apply to and in respect of all obligations of the Borrower under this Agreement between the Borrower and the Bank, dated January ____, 2024, as may be further amended, restated, supplemented or replaced from time to time. The undersigned also acknowledges that it has received a copy of each of the foregoing documents.

6618359 CANADA INC.

By: _____
Name:
Title:
I/We have the authority to bind the Guarantor

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Borrowing Request

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("**Reducing Term Loan/Facility**"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("**Renewal Letter**") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "**Accounts**") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;

- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security or an Event of Default;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure or composition and will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental and Health and Safety Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

FEES, COSTS AND EXPENSES

The Borrower agrees to pay the Bank all fees stipulated in this Agreement and all fees charged by the Bank relating to the documentation or registration of this Agreement and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with the preparation, negotiation, documentation and registration of this Agreement and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all

purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, or any Event of Default, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

Save and except for any waiver or extension of the deadline for acceptance of this Agreement at the Bank's sole discretion, which may be communicated in writing, verbally, or by conduct, no amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Each Guarantor, if applicable, agrees that the amendment or waiver of any provision of this Agreement (other than agreements, covenants or representations expressly made by any Guarantor herein, if any) may be made without and does not require the consent or agreement of, or notice to, any Guarantor. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate, including, without limitation, the application of accrual accounting. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

The provisions of this Agreement shall not merge with any Security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

ELECTRONIC MAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

ELECTRONIC IMAGING

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "**Paper Record**") into electronic images (each, an "**Electronic Image**") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) if applicable, it is duly constituted, validly existing and duly registered or qualified to carry on business or its operations in all jurisdictions where the nature of its properties, assets, business or operations make such registration or qualification necessary or desirable;
- b) the execution, delivery and performance by it of this Agreement do not violate any Applicable Laws or agreements to which it is subject or by which it is bound, and where applicable, have been duly authorized by all necessary actions and do not violate its constating documents;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank or an Event of Default;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental and Health and Safety Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than as may be provided for herein.

Representations and warranties are deemed to be repeated as at the time of each Borrowing and/or the entering into each Lease, if applicable, hereunder.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EXCHANGE RATE FLUCTUATIONS

If, for any reason, the amount of Borrowings and/or Leases, if applicable, outstanding under any facility in a currency other than Canadian currency, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "**Judgement Currency**") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the

Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

EVENTS OF DEFAULT

Without affecting or limiting the right of the Bank to terminate or demand payment of, or to cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, each of the following shall constitute an “**Event of Default**” which shall entitle the Bank, in its sole discretion, to cancel any Credit Facilities, demand immediate repayment in full of any amounts outstanding under any term facility, together with outstanding accrued interest and any other indebtedness under or with respect to any term facility, and to realize on all or any portion of any Security:

- a) failure of the Borrower to pay any principal, interest or other amount when due pursuant to this Agreement;
- b) failure of the Borrower, or any Guarantor if applicable, to observe any covenant, term or condition contained in this Agreement, the Security, or any other agreement delivered to the Bank or in any documentation relating hereto or thereto;
- c) the Borrower, or any Guarantor if applicable, is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent other than in the CCAA Proceedings;
- d) other than the CCAA Proceedings, if any proceeding is taken to effect a compromise or arrangement with the creditors of the Borrower, or any Guarantor, if applicable, or to have the Borrower, or any Guarantor if applicable, declared bankrupt or wound up, or to have a receiver appointed for any part of the assets or operations of the Borrower, or any Guarantor if applicable, or if any encumbrancer takes possession of any part thereof;
- e) if in the opinion of the Bank there is a material adverse change in the financial condition, ownership or operation of the Borrower, or any Guarantor if applicable;
- f) if any representation or warranty made by the Borrower, or any Guarantor if applicable, under this Agreement or in any other document relating hereto or under any Security shall be false in any material respect;
- g) if the Borrower, or any Guarantor if applicable, defaults in the payment of any other indebtedness, whether owing to the Bank or to any other Person, or defaults in the performance or observance of any agreement in respect of such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated;
- h) if the Borrower fails to meet any of the milestones set out in the Sales and Investment Solicitation Process as set out in the Order to the satisfaction of the Bank;
- i) any order is made in the CCAA Proceedings that would grant priority to the amounts advanced hereunder (other than the professional fee charge in the maximum aggregate amount of \$500,000 as provided for in the Order); or
- j) if there is any material negative variance, in the opinion of the Bank, from the cash flow forecast submitted by the Borrower at the commencement of the CCAA Proceeding or any subsequent cash flows submitted to the Bank.

Should the Bank demand immediate repayment in full of any amounts outstanding under any term facility due to an Event of Default, the Borrower shall immediately repay all principal sums outstanding under such facility and all other obligations in connection with any such term facility.

INCREASED COSTS

If any change in Applicable Laws or the interpretation thereof after the date hereof (i) imposes or increases taxes on payments due to the Bank hereunder (other than taxes on the overall net income of the Bank), (ii) imposes or increases any reserve or other similar requirement or (iii) imposes or changes any other condition affecting the Credit Facilities, and the result of any of the foregoing results in any additional cost to the Bank of making available, continuing or maintaining any of the Credit Facilities hereunder (or maintaining any obligations to make any such Credit Facilities available hereunder) or results in any reduction in the amount of any sum received or receivable by the Bank in connection with this Agreement or the Credit Facilities made available hereunder, then from time to time, upon written request of the Bank, the Borrower shall promptly pay to the Bank, such additional amount or amounts as will compensate the Bank for any such additional costs incurred or reduction suffered.

Schedule "A"

DEFINITIONS

For the purpose of this Agreement, if applicable, the following terms and phrases shall have the following meanings:

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable

"Borrowing" means each use of a Credit Facility, excluding Leases, and all such usages outstanding at any time are **"Borrowings"**;

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

"Business Loan Insurance Plan" means the optional group creditor insurance coverage, underwritten by RBC Life Insurance Company, and offered in connection with eligible loan products offered by the Bank;

"CCAAProceedings" means proceedings that the Borrower intends to commence before the Ontario Superior Court of Justice (Commercial List) under the *Companies' Creditors Arrangement Act* (Canada);

"Contaminant" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental and Health and Safety Law;

"Environmental Activity" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater;

"Environmental and Health and Safety Laws" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity;

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Lease" means an advance of credit by the Bank to the Borrower by way of a Master Lease Agreement, Master Leasing Agreement, Leasing Schedule, Equipment Lease, Conditional Sales Contract, or pursuant to an Interim Funding Agreement or an Agency Agreement, in each case issued to the Borrower;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities

- when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank;

“Person” includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity;

“Potential Prior-Ranking Claims” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

“RBUSTR” and **“Royal Bank US Base Rate”** each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;

“Release” includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.

Schedule "B"**CALCULATION AND PAYMENT OF INTEREST AND FEES****LIMIT ON INTEREST**

The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by Applicable Law. In no event shall the effective interest rate payable by the Borrower under any facility be less than zero.

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or the highest premium indicated for any of the Borrower's facilities when in excess of 5%. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS AND RBUSBR LOANS

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

STANDBY FEES

The fee will be calculated in arrears, paid as per the frequency indicated in the Fees section of this Agreement and will accrue daily on the unutilized and uncanceled portion of the amount of the applicable facility from and including the date of acceptance of this Agreement.

Schedule "C"

BORROWING REQUEST

The Borrower hereby requests the following be established under Facility #1:

Date of Borrowing	_____, 2024
Amount of Borrowing:	[\$[insert amount]]
Amortization (in months):	0
Selected Term: (Borrowing repayable in full on the last day of the Term)	Repayable in full on May 3, 2024
Interest Rate (per annum):	RBUSBR +2%

Dated this _____ day of _____, 2024.

SIMEX INC.

Per: _____

Name:

Title:

Per: _____

Name:

Title:

I/We have the authority to bind the Borrower

TAB S

This is Exhibit "S" referred to
in the affidavit of Michael Needham
subscribed and sworn to before me,
this 17 day of January 2024.

A handwritten signature in black ink, appearing to be 'S. Lamy', written over a solid horizontal line.

A commissioner for taking affidavits.

Sale and Investment Solicitation Process

SimEx Inc., Iwerks Entertainment Inc. and SimEx-Iwerks Myrtle Beach LLC

Introduction

1. On January 19, 2024, SimEx Inc., Iwerks Entertainment Inc., and SimEx-Iwerks Myrtle Beach LLC (together, the “**Applicants**”) obtained an initial order (that may be amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”). The Initial Order, among other things:
 - a. Provides for a stay of all proceedings against the Applicants assets, properties and undertaking and their respective directors and officers; and
 - b. Appoints Deloitte Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”).
2. Pursuant to the Initial Order, the Monitor is authorized to conduct a sale and investment solicitation process (the “**SISP**”), as described herein, with the assistance of the Applicants. The SISP is intended to solicit interest in an acquisition or refinancing of the business, or a sale of the assets and/or the business of the Applicants by way of merger, reorganization, recapitalization, primary equity issuance, or other similar transaction. The Monitor intends to provide all qualified interested parties with an opportunity to participate in the SISP.

Opportunity

3. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the Applicants’ assets and business operations (the “**Opportunity**”). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern, or a sale of all, substantially all or one or more components of the Applicants’ assets (the “**Property**”) and business operations (the “**Business**”) as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).
4. This document (the “**SISP Procedure**”) describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Monitor and how Court approval will be obtained in respect of a Transaction.
5. The SISP contemplates a one-stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).

6. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any Transaction will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.
7. In the SISP, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

Timeline

8. The following table sets out the key milestones under the SISP:

Milestone	Timeline	Targeted Deadline
Commencement date	Immediately following the approval of the SISP Process	January 19, 2024
Preparation of SISP materials (i.e., Teaser, Investment Memorandum, Buyer list, Notices for trade publication, NDA, populate EDR)	10 days	January 29, 2024
Bid Deadline	45 days	March 14, 2024
Auction Date (if applicable)	1 day	March 21, 2024
Finalize Transaction agreement	7 days	March 29, 2024
Sale Approval Motion (as defined below) in CCAA Court		April 19, 2024 (outside date)
Closing of the Transaction		May 3, 2024 (outside date)

9. The dates set out in the SISP may be extended by either: (i) further order of the Court; or (ii) the Monitor, with the consent of Royal Bank of Canada.

Solicitation of Interest: Notice of the SISP

10. As soon as reasonably practicable:
- a. the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including (i) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity, and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in a

Transaction pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, “**Known Potential Bidders**”);

- b. the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the “**Notice**”) to be published in *Insolvency Insider*, the Monitor’s website, and any other newspaper or journal or industry website as the Applicants, in consultation with the Monitor, consider appropriate, if any; and
 - c. the Monitor, in consultation with the Applicants, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor and their respective counsel (an “**NDA**”).
11. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

12. Any party who wishes to participate in the SISP (a “**Potential Bidder**”), must provide to the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
13. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial ability, in the Monitor’s sole discretion, to close a transaction, such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to an electronic data room (“**EDR**”) containing information about the Applicants, the Property and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information. Neither the Applicants nor the Monitor is responsible for, and will bear no liability

with respect to, any information obtained by any party in connection with the Sale of the Property and the Business.

14. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

Formal Binding Offers

15. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with all of the following requirements to the Monitor and Applicants’ counsel at the addresses specified in Schedule “1” hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST) on March 14, 2024** or as may be modified in the Bid process letter that may be circulated by the Monitor to Potential Bidders, with the approval of the Applicants (the “**Bid Deadline**”):
 - a. the Bid must be either a binding offer to:
 - i. acquire all, substantially all or a portion of the Property (a “**Sale Proposal**”); and/or
 - ii. make an investment in, restructure, reorganize or refinance the Business or the Applicants (an “**Investment Proposal**”); or
 - b. carry out any combination of a Sale Proposal and an Investment Proposal;
 - c. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and is consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Bidders;
 - d. the Bid includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - e. the Bid includes duly authorized and executed Transaction agreements, including the purchase price, investment amount (the “**Purchase Price**”), together with all exhibits and schedules thereto;
 - f. the Bid is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to ten percent (10%) of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid, to be held and dealt with in accordance with this SISP;

- g. the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Applicants and the Monitor to make a determination as to the Bidder's financial and other capabilities to consummate the proposed transaction;
- h. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Bidder, or (ii) obtaining financing, but may be conditioned upon the Applicants receiving the required approvals or amendments relating to the licenses required to operate the business, if necessary;
- i. the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;
- j. for a Sale Proposal, the Bid includes:
 - i. the purchase price in U.S. dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;
 - ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - iii. a specific indication of the financial capability of the Bidder and the expected structure and financing of the transaction;
 - iv. a description of the conditions and approvals required to complete the closing of the transaction;
 - v. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - vi. any other terms or conditions of the Sale Proposal that the Bidder believes are material to the transaction.
- k. for an Investment Proposal, the Bid includes:
 - i. a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
 - ii. the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in U.S. dollars.
 - iii. the underlying assumptions regarding the pro forma capital structure;

- iv. a specific indication of the sources of capital for the Bidder and the structure and financing of the transaction;
 - v. a description of the conditions and approvals required to complete the closing of the transaction;
 - vi. a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - vii. any other terms or conditions of the Investment Proposal.
1. the Bid includes acknowledgements and representations of the Bidder that the Bidder:
- i. is completing the Transaction on an “as is, where is” basis;
 - ii. has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its Bid;
 - iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
 - iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;
- m. the Bid is received by the Bid Deadline; and
- n. the Bid contemplates closing the Transaction set out therein immediately following the granting of the Sale Approval Order.
17. Following the Bid Deadline, the Monitor will assess the Bids received. The Monitor, in consultation with the Applicants and Royal Bank of Canada and will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed not to be Qualified Bids without the approval of the Monitor. Only Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
18. The Monitor, in consultation with the Applicants and Royal Bank of Canada, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Bids to be a Qualified Bid. The Monitor and the Applicants will be under no obligation to negotiate identical terms with, or extend identical terms to, each Bidder.

19. The Monitor shall notify each Bidder in writing as to whether its Bid constituted a Qualified Bid within two (2) business days of the Bid Deadline, or at such later time as the Monitor deems appropriate .
20. The Monitor may, in consultation with the Applicants, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Competing Bids

21. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transaction(s), (iii) the proposed Transaction documents, (iv) factors affecting the speed, certainty and value of the Transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, (vii) the likelihood and timing of consummating such Transaction, each as determined by the Applicants and the Monitor and (viii) any other factor deemed relevant by the Monitor in consultation with the Applicants.

Auction

22. If the Monitor receives at least two Qualified Bids and determines, in consultation with the Applicants and Royal Bank of Canada that they are competitive, the Monitor will conduct and administer an Auction in accordance with the terms of this SISP (the “**Auction**”). Instructions to participate in the Auction, which will take place via video conferencing, or in person, as determined by the Monitor, and will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.
23. Only parties that provided a Qualified Bid by the Bid Deadline, as confirmed by the Monitor, (collectively, the “**Qualified Parties**”), shall be eligible to participate in the Auction. No later than 5:00 p.m. (EST) on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction.

Auction Procedure

24. The Auction shall be governed by the following procedures:
 - a. **Participation at the Auction.** Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (EST) by no later than five (5) days after the Bid Deadline. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;

- b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;
- c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the “**Initial Bid**”), and any bid made at the Auction by a Qualified Party subsequent to the Monitor’s announcement of the Initial Bid (each, an “**Overbid**”), must proceed in minimum additional cash increments of USD \$50,000;
- d. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference or otherwise, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;
- e. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s);
- f. **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded; and
- g. **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Selection of Successful Bid

25. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

- a. review and evaluate each Qualified Bid, considering the factors set out in paragraph 16 and any other factor that the Applicants or the Monitor may reasonably deem relevant, provided that each Qualified Bid may be negotiated among the Monitor in consultation with the Applicants and the Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and

- b. identify the highest or otherwise best bid received at the Auction (the “**Successful Bid**” and the Qualified Party making such bid, the “**Successful Party**”).
26. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with the Applicants, subject to the milestones set forth in paragraph 9.

Sale Approval Motion Hearing

27. At the hearing of the motion to approve any transaction with a Successful Party (the “**Sale Approval Motion**”), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

28. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process.
29. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders.

Supervision of the SISP

30. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, the Initial Order and any other orders of the Court, and is entitled to receive all information in relation to the SISP.
31. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any Qualified Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.
32. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Applicants, the DIP Lender, or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross

negligence or willful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.

33. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.
34. The Monitor, in consultation with the Applicants, shall have the right to modify the SISP Procedure (including, without limitation, pursuant to the Bid process letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA proceedings shall be advised of any substantive modification to the procedures set forth herein.

Deposits

35. All Deposits received pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Monitor elects not to proceed to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Monitor shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Monitor or the Applicants pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.

Schedule “1”**Address of Monitor****To the Monitor:****Deloitte Restructuring Inc.**

8 Adelaide Street West, Suite 200

Toronto, ON, Canada, M5H 0A9

Attention: Jorden Sleeth and Richard Williams

Email:

jsleeth@deloitte.carichwilliams@deloitte.ca

with a copy to:

Borden Ladner Gervais LLP

Bay Adelaide Centre – East Tower

22 Adelaide Street West, Suite 3400

Toronto, Ontario M5H 4E3

Attention: Roger Jaipargas

Email: rjaipargas@blg.com

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C., 1985, c. C-36, AS AMENDED

Court File No.: <*>

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC.
SIMEX-IWERKS MYRTLE BEACH, LLC

ONTARIO
SUPERIOR COURT OF JUSTICE –
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF MICHEAL NEEDHAM
(SWORN JANUARY 17, 2024)

LOOPSTRA NIXON LLP
130 Adelaide St. West, Suite 2800
Toronto, ON Canada M5H 3P5

Graham Phoenix LSO#: 52650N
gphoenix@LN.law
Tel: 416.748.4776

Shahrazad Hamraz LSO #: 85218H
shamraz@LN.law
Tel: 416.748.5116

Lawyers for the Applicants

TAB 3

Revised: January 21, 2014

Court File No.

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE — MADAM) WEEKDAY, FRIDAY, THE #19TH
JUSTICE — CONWAY) DAY OF MONTH, 20YR JANUARY, 2024

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF [APPLICANT'S NAME] (the "Applicant") SIMEX
INC., IWERKS ENTERTAINMENT, INC.,
SIMEX-IWERKS MYRTLE BEACH, LLC (the "Applicants")

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INITIAL ORDER

THIS APPLICATION, made by the Applicant Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference via Zoom.

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ON READING the affidavit of [NAME] Michael Needham sworn [DATE] January 17, 2024, and the Exhibits thereto, the pre-filing report dated January <*>, 2024, of the proposed monitor Deloitte Restructuring Inc. ("Deloitte"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for [NAMES] the Applicants, counsel for Deloitte, counsel for Royal Bank of Canada, counsel for BDC Capital Inc. and the other parties listed on the participant information form and no one appearing for [NAME] any other party although duly served as

¹Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

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appears from the affidavit of service of ~~[NAME]~~Amanda Adamo sworn ~~[DATE]~~January 17, 2024, and on reading the consent of ~~[MONITOR'S NAME]~~Deloitte to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the ~~Applicant is~~Applicants are each a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the ~~Applicant~~Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

POSSESSION OF PROPERTY AND OPERATIONS

4. THIS COURT ORDERS that the ~~Applicant~~Applicants shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further

²If 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.

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Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

~~5. [THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]~~

~~6.5. THIS COURT ORDERS that the Applicant~~ THIS COURT ORDERS that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

³This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.

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- (b) the fees and disbursements of any Assistants retained or employed by the ApplicantApplicants in respect of these proceedings, at their standard rates and charges.

7.6. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the ApplicantApplicants shall be entitled but not required to pay all reasonable expenses incurred by the ApplicantApplicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the ApplicantApplicants following the date of this Order.

8.7. THIS COURT ORDERS that the ApplicantApplicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the ApplicantApplicants in connection with the sale of goods and services by the ApplicantApplicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of

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municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Applicants.

~~9.8.~~ THIS COURT ORDERS that until a real property lease is disclaimed ~~[or resiliated]~~⁴ in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) but for greater certainty excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants or the making of this Order or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

~~10.9.~~ THIS COURT ORDERS that, except as specifically permitted herein, the ~~Applicant~~ ~~is~~Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by ~~the~~ Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

~~11.10.~~ THIS COURT ORDERS that the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

⁴The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, ~~[and to dispose of redundant or non-material assets not exceeding \$• in any one transaction or \$• in the aggregate]~~⁵;
- (b) ~~[t]erminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate];~~ and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

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all of the foregoing to permit the Applicant/Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

~~12.11.~~ THIS COURT ORDERS that the Applicant/Applicants shall provide each of the relevant landlords with notice of the Applicant's/Applicants' 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 Applicant's/Applicants' 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 Applicant/Applicants, or by further Order of this Court upon application by the Applicant/Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims [or resiliates]~~ Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~the Applicants~~ shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~[or resiliation]~~ of the lease shall be without prejudice to the Applicant's/Applicants' claim to the fixtures in dispute.

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⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

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~~13.12.~~ THIS COURT ORDERS that if a notice of disclaimer ~~{or resiliation}~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~{or resiliation}~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ApplicantApplicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~{or resiliation}~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the ApplicantApplicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTAPPLICANTS OR THE PROPERTY

~~14.13.~~ THIS COURT ORDERS that until and including ~~{DATE — MAX. 30 DAYS}~~, January 29, 2024, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the ApplicantApplicants or the Monitor, or affecting the Business or the Property, except with the written consent of the ApplicantApplicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ApplicantApplicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

~~15.14.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the ApplicantApplicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ApplicantApplicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower ~~thean~~ Applicant to carry on any business which ~~thesuch~~ Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (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 RIGHTS

~~16.15.~~ THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, sublicense, authorization or permit in favour of or held by the ApplicantApplicants, except with the written consent of the ApplicantApplicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

~~17.16.~~ THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant 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 Business or the ApplicantApplicants, 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 ApplicantApplicants, and that the ApplicantApplicants shall be entitled to the continued use of its current premises, 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 ApplicantApplicants in accordance with normal payment practices of the ApplicantApplicants or such other practices as may be agreed upon by the supplier or service provider and each of the ApplicantApplicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

~~18.17.~~ THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-

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advance any monies or otherwise extend any credit to the ~~Applicant~~Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

~~19.18.~~ THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

~~20.19.~~ THIS COURT ORDERS that the ~~Applicant~~Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Applicants after the commencement of the within proceedings,⁷ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct- (the "D&O Indemnity").

⁶This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).

⁷The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.

~~21.20.~~ THIS COURT ORDERS that the directors and officers of the ApplicantApplicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of ~~USD~~ USD \$300,000, as security for the indemnity provided in paragraph ~~{20}~~ of this Order~~, subject to the limited effect of the Director's Charge during the initial 10-days of these proceedings, prescribed by paragraph 44 hereof.~~ The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~ and ~~{40}~~ herein.

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~~22.21.~~ THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant'sApplicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}~~ of this Order.

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APPOINTMENT OF MONITOR

~~23.22.~~ THIS COURT ORDERS that ~~{MONITOR'S NAME}~~Deloitte Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ApplicantApplicants with the powers and obligations set out in the CCAA or set forth herein and that the ApplicantApplicants and ~~its~~their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ApplicantApplicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

~~24.23.~~ THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant'sApplicants' receipts and disbursements;

⁸~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

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- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the ApplicantApplicants, to the extent required by the ApplicantApplicants, in its~~their~~ dissemination, to the DIP Lender and its counsel ~~on a [TIME INTERVAL]~~ basis of financial and other information as agreed to between the ApplicantApplicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the ApplicantApplicants in its~~their~~ preparation of the Applicant'sApplicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than ~~[TIME INTERVAL]~~weekly, or as otherwise agreed to by the DIP Lender;
- (e) advise the ApplicantApplicants in its~~their~~ development of the Plan and any amendments to the Plan;
- (f) assist the ApplicantApplicants, to the extent required by the ApplicantApplicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ApplicantApplicants, to the extent that is necessary to adequately assess the Applicant'sApplicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

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~~25-24.~~ THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

~~26-25.~~ THIS COURT ORDERS that nothing herein contained shall require the Monitor 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 Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor'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.

~~27-26.~~ THIS COURT ORDERS that that the Monitor shall provide any creditor of the ~~Applicant~~Applicants and the DIP Lender with information provided by the ~~Applicant~~Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

~~28-27.~~ THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save

and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

~~29-28.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the ~~Applicant~~Applicants as part of the costs of these proceedings. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the ~~Applicant on a [TIME INTERVAL] basis~~ and, in addition, the ~~Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$• [-, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~Applicants on a bi-weekly basis.

~~30-29.~~ THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

~~34-30.~~ THIS COURT ORDERS that the Monitor, counsel to the Monitor, ~~if any US counsel to the Monitor,~~ and the ~~Applicant's~~Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of ~~\$•; USD \$500,000.~~ as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings-, subject to the limited effect of the Administration Charge during the initial 10-day Stay Period prescribed by paragraph 43 hereof. The Administration Charge shall have the priority set out in paragraphs ~~{38}37~~ and ~~{40}39~~ hereof.

DIP FINANCING

~~32-31.~~ THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from ~~{DIP LENDER'S NAME}~~Royal Bank of Canada (the "DIP Lender") in order to finance the ~~Applicant's~~Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under

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such credit facility shall not exceed ~~the~~ the principal amount of USD \$600,000 unless permitted by further Order of this Court.

~~33.32.~~ THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter term sheet between the Applicant Applicants and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.

~~34.33.~~ THIS COURT ORDERS that the Applicant is Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

~~35.34.~~ THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, subject to the limited effect of the DIP Lender's Charge during the initial 10-day Stay Period, as prescribed by paragraph 44 hereof, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~{38}37~~ and ~~{40}39~~ hereof.

~~36.35.~~ THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~two~~ two (2) days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to

cease making advances to the ~~Applicant~~Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Applicants against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the ~~Applicant~~Applicants and for the appointment of a trustee in bankruptcy of any of the ApplicantApplicants; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~Applicants or the Property.

~~37.36.~~ THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the ~~Applicant~~Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

~~38.37.~~ THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows⁹:

First – Administration Charge (to the maximum amount of ~~\$●~~;USD \$500,000);

Second – DIP Lender's Charge (to a maximum principal amount of USD \$600,000); and

Third – Directors' Charge (to the maximum amount of ~~\$●~~;USD \$300,000).

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

[in each case subject to such limitations during the initial 10-day Stay Period prescribed by paragraph 43 hereof.](#)

~~39-38.~~ THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

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~~40-39.~~ THIS COURT ORDERS that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, [notwithstanding the order of perfection or attachment.](#)

~~41-40.~~ THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the ~~Applicant~~Applicants also obtains ~~the~~ prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

~~42-41.~~ THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained

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in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant~~Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the ~~Applicant~~Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

~~43.42.~~ THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

LIMITATIONS ON DIP BORROWINGS & CHARGES DURING INTIAL STAY PERIOD

43. THIS COURT ORDERS that notwithstanding anything to the contrary herein, during the period from and after the effectiveness of this Order and the Comeback Hearing (as defined below) (the "Interim Period"), the Applicants' ability to access funding under the Commitment Letter and the scope of the Charges is limited as follows:

- (a) during the Interim Period, advances under the Commitment Letter shall be limited to the principal amount of USD \$200,000 in the aggregate, which is the amount necessary to sustain operations in this Interim Period and to satisfy obligations for payroll and source deductions;

- (b) during the Interim Period, amounts secured by the Administration Charge shall be limited to USD \$390,000 in the aggregate, which is the amount required to fund the professional costs during the Interim Period;
- (c) during the Interim Period, amounts secured by the DIP Lender's Charge shall be limited to USD \$200,000 in the aggregate, the amount necessary to sustain operations in this Interim Period and to satisfy obligations for payroll and source deductions; and
- (d) during the Interim Period, amounts secured by the D&O Charge shall be limited to USD \$230,000 in the aggregate, which is the amount required secure the potential D&O liability during the Interim Period.

and provided that in the event the Stay Period is not extended at the Comeback Hearing the permitted borrowings under the Commitment Letter and scope of the Charges shall be permanently restricted and limited as set out in this paragraph 43, pending further order of the Court.

SALE AND INVESTMENT SOLICITATION PROCESS

44. THIS COURT ORDERS that the Sale and Investment Solicitation Process ("SISP") substantially in the form attached as Schedule "A" hereto be and is hereby approved.

COMEBACK HEARING

45. THIS COURT ORDERS that the comeback motion required in this CCAA proceeding shall be heard at 11:00am (Toronto time) on January 29, 2024 (the "Comeback Hearing").

SERVICE AND NOTICE

44.46. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in ~~newsletters~~ the National Post (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the ~~Applicant~~ Applicants of more than ~~\$1,000,000~~, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed

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manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

47. **THIS COURT ORDERS** that the ~~E-Service Protocol of the~~ Guide Concerning Commercial List E-Service (the ~~“Protocol”~~ **“Guide”**) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ~~Protocol~~ Guide (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/) shall be valid and effective service. ~~Subject to Rule 17.05 of the Rules of Civil Procedure (Ontario) and paragraph 7 of the Guide,~~ 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) ~~and paragraph 13 of the Rules of Civil Procedure and paragraph 21 of the Protocol~~ Guide, service of documents in accordance with the ~~Protocol~~ Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the ~~Protocol~~ Guide with the following URL ~~“@”~~ www.insolvencies.deloitte.ca/en-ca/SimEx.

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45.48. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary ~~a list of all Persons appearing in person or by counsel in these proceedings (the “Service List”).~~ The Monitor shall post the Service List, as may be updated from time to time, on the Case Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

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46.49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~ Applicants and the Monitor are 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 ~~Applicant's~~ Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~ Applicants 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.

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50. THIS COURT ORDERS that the Applicants, the Monitor and their respective counsel 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 Applicants’ creditors or other interested parties and their advisors. 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).

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47-51. THIS COURT ORDERS that the ApplicantApplicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

48-52. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ApplicantApplicants, the Business or the Property.

49-53. 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 the Applicant, the Monitor 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 the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

50-54. THIS COURT ORDERS that each of the ApplicantApplicants and the Monitor 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 Monitor is authorized and empowered to act as

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a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~54-55.~~ THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing, or at any other time, on not less than seven (7) ~~days~~ days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 38 and 40 hereof, and subject to the limitations in paragraph 44, with respect to any fees, expenses and disbursements (including amounts loaned to the Applicant pursuant to the Commitment Letter) incurred as applicable, until the date this Order may be amended, varied or stayed.

~~52-56.~~ 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 requirement for issuance and entry.

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SCHEDULE "A"

SISP PROCESS

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c.C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SIMEX INC., IWERKS ENTERTAINMENT, INC., SIMEX-IWERKS MYRTLE BEACH, LLC

Court File No.: <*>

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced at Toronto

**Application Record
(returnable January 19, 2024)**

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