

**Form Eligible Borrower's Representations and Warranties**

**HASCAP Application**

**IMPORTANT: For Reference Purpose Only**

- You will be asked to sign later when your loan application is approved -

**Eligible Borrower's Representations and Warranties**

Reference is made to the **Loan Agreement of Shinhan Bank Canada** (the "**Lender**") dated \_\_\_\_\_, 2022 and accepted by \_\_\_\_\_ (the "**Eligible Borrower**") on \_\_\_\_\_, 2022 pursuant to which the Lender has made available to the Eligible Borrower a term loan (the "**Financing**").

This Financing is made possible with the financial support of the Business Development Bank of Canada ("**BDC**") guaranteeing such Financing.

To confirm the eligibility criteria to the Highly Affected Sectors Credit Availability Program ("**HASCAP**"), the Eligible Borrower (x) represents, warrants and covenants, as applicable in favour of the Lender and BDC that:

- (a) The Eligible Borrower is (A) a Person (other than a natural Person) incorporated or formed under the laws of Canada or of a Canadian provincial or territorial jurisdiction; or (B) a natural Person operating a business under a sole proprietorship structure in Canada, which business's intent is to generate revenue from the sale of goods or services which is at least sufficient to cover its operating expenses and service of debt;
- (b) [The Eligible Borrower is a client of the Lender (for which the Lender is or will become the Principal Senior Lender);] OR [The Eligible Borrower's Principal Senior Lender is not a participant under the HASCAP;]
- (c) [The copies of (A) the required confirmations for at least three months (which need not be consecutive) from the Canadian Revenue Agency evidencing application to the CEWS Program, CERS Program, CRHP Program, THRP Wage Program, THRP Rent Program, HHBRP Wage Program or HHBRP Rent Program provided to the Lender; and (B) the bank statements (or any other form of evidence acceptable to the Lender) evidencing receipt of subsidies, are true and correct copies of such confirmations and statements (or other forms of evidence), and same confirm that the Eligible Borrower is eligible to, has applied for and has received subsidies for at least three months (within the 240 day period prior to the date hereof) under the CEWS Program, the CERS Program, the CRHP Program, the THRP Wage Program, the THRP Rent Program, the HHBRP Wage Program and the HHBRP Rent Program, with each such month having a minimum 50% revenue decrease (as determined under the CEWS Program, the CERS Program, the CRHP Program, the THRP Wage Program, the THRP Rent Program, the HHBRP Wage Program and the HHBRP Rent Program);] OR [The Eligible Borrower:
  - (A) is not eligible to the CEWS Program, the CERS Program, the CRHP Program, the THRP Wage Program, the THRP Rent Program, the HHBRP

Wage Program or the HHBRP Rent Program for the following reasons (please check the applicable reasons for ineligibility under the CEWS Program, the CERS Program, the CRHP Program, the THRP Wage Program, the THRP Rent Program, the HHBRP Wage Program and the HHBRP Rent Program):

- i. with respect to the CERS Program:
  - the business of the Eligible Borrower did not have a Canada Revenue Agency business number on September 27, 2020; or
  - the business of the Eligible Borrower did not have a payroll account with the Canada Revenue Agency on March 15, 2020;
- ii. with respect to the CEWS Program:
  - the business of the Eligible Borrower did not have a payroll account with the Canada Revenue Agency on March 15, 2020; and
- iii. with respect to the CRHP Program:
  - the business of the Eligible Borrower did not have a payroll account with the Canada Revenue Agency on June 6, 2021; and
- iv. with respect to the THRP Wage Program, the THRP Rent Program, the HHBRP Wage Program or the HHBRP Rent Program:
  - the business of the Eligible Borrower did not have a payroll account with the Canada Revenue Agency on October 24, 2021;

(B) has experienced, within the 240 day period prior to the date of application for the Eligible Loan, a minimum 50% revenue decrease (on a year-over-year basis) for at least three months (which need not be consecutive);]

- (d) The Eligible Borrower does not have a revenue model that is economically dependent on non-commercial sources such as direct government grant funding or private donations;
- (e) The Eligible Borrower has been, directly or indirectly, negatively impacted by the COVID-19 pandemic or the economic environment created by the COVID-19 pandemic.
- (f) The Eligible Borrower was financially viable prior to the impact of the COVID-19 pandemic or the economic environment created by the COVID-19 pandemic.
- (g) The Eligible Borrower:
  - (i) is not a government organization or body (other than an indigenous entity or body);

- (ii) is not an entity in which a government organization or body (other than indigenous entities or bands) owns equity interests;
- (iii) is not a non-profit organization, registered charity, union, or a fraternal benefit society or order, or a Person in which any such organization owns equity interests (except if it is actively carrying on a business in Canada (including a related business in the case of a registered charity) that earns revenue primarily from the regular supply of property/goods or services and not from non-commercial sources such as direct government grant funding or private donations);
- (iv) is not a religious organization, or a Person in which any such organization owns equity interests;
- (v) is not a fundraising vehicle for charities;
- (vi) is not a Person in which equity interests are held by any single current member of the Parliament of Canada or any single current member of the Senate of Canada other than a Person whose equity interests are publicly traded;
- (vii) does not operate any form of sexually exploitive business;
- (viii) does not promote violence, incite hatred or discriminate on the basis of race, national or ethnic origin, colour, religion, sex, age or mental or physical disability;
- (ix) is not a Person who has (or who is related to Affiliates who have) (i) ever been determined to have committed tax evasion by any applicable judicial authority, including, for clarity, pursuant to sections 238 and 239 of the Income Tax Act (Canada) or of any other similar applicable provision of any Canadian federal or provincial statute(s) (or that has Affiliates which have been determined to have committed same) ("**Tax Evasion**"), nor (ii) been subject to any assertion or assessment by any governmental authority that the Eligible Borrower or its Affiliates engaged in Tax Evasion;
- (x) has not benefited (or is not in the process of benefiting) from HASCAP through a financial institution other than the Lender;
- (xi) has not benefited (or is not in the process of benefiting) from HASCAP for loans exceeding an initial principal amount, in the aggregate, of CA\$1,000,000; and
- (xii) is not a member of a Group which has benefited (or is in the process of benefiting) from HASCAP for loans extended to one or more of the members of such Group by the Lender (and any other financial institution, as applicable) exceeding an initial principal amount, in the aggregate, of CA\$6,250,000, except if the ultimate Controlling entity of the Eligible Borrower is an institutional investor.

- (h) The Financing will be incremental to the Lender's (or another financial institution's) current exposure with the Eligible Borrower and the proceeds from the Financing will only be used and, based on reasonable assumptions with respect to the COVID-19 pandemic and taking into account the subsidies and other credit currently available to the Borrower can reasonably be expected to be sufficient to fund the cash flow needs of operations (excluding, for certainty and without limitation, to fund distributions, payment of management fees, bonuses and similar instruments) for a period of time not exceeding 18 months following the date hereof; for certainty, the application of the proceeds from the Financing to (x) repay outstanding loans under an overdraft or operating facility will be permitted so long as the Lender's (or another financial institution's) commitment or authorized amount thereunder is not reduced (other than to the extent of temporary advances or borrowing excesses); (y) repay normally scheduled principal (which schedule of repayments was not accelerated since March 1, 2020) and interest payments on the Eligible Borrower's existing credits will be permitted; as well as (z) pay ordinary course of business lease, equipment or supplier financing payments will be permitted; for further certainty, the proceeds from the Financing will not be used (A) to make scheduled principal or interest payments that were due prior to the date hereof; (B) for repayment of outstanding loans on the maturity date thereof; or (C) to fund cash sweep payments under outstanding loans and similar types of payments.
- (i) Without derogating to any of the other limitations with respect to Distributions set out in the credit documentation pertaining to the Financing, the Eligible Borrower will not make, and will cause any other Person guaranteeing the Financing (an "**Obligor**") not to make, for the first 12-months following the date hereof, any Distribution other than:
- (i) a Distribution by an Obligor to the Eligible Borrower;
  - (ii) a Distribution by an Obligor (other than the Eligible Borrower) to another Obligor; and
  - (iii) a Distribution in-lieu of salary made to shareholders involved directly in the operations of the Eligible Borrower, in an amount not exceeding historical Distributions for such purpose (and in no event exceeding \$200,000).
- (j) The Financing coupled with Eligible Borrower's existing liquidity and forecasted operational cash flow and subsidies (based on reasonable assumptions as to the COVID-19 pandemic) and credit currently available to the Eligible Borrower will enable a degree of continuity of the business of the Eligible Borrower during the current economic environment.
- (k) The financial statements delivered to the Lender for the purposes of the Financing are complete and correct in all material respects and fairly present the financial condition and results of operation of the Eligible Borrower and the guarantors as at their stated date, all in accordance with GAAP (except for year end notes and adjustments, if any).
- (l) The Eligible Borrower's historical free cash flow (for the period prior to March 1, 2020) would have been sufficient to service the Financing and based on

reasonable assumptions as to the COVID-19 pandemic, the Eligible Borrower reasonably anticipates that its future free cash flow (together with the subsidies and credit currently available to it) will be sufficient to service the Financing.

For the purpose hereof:

- (a) **"Affiliate"** means, with respect to a Person, any other Person that directly or indirectly Controls, or is Controlled by, or is under common Control with, that Person;
- (b) **"Control"** (including any correlative term) means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person (whether through ownership of securities or partnership or trust interests, by contract or otherwise); without limiting the generality of the foregoing (i) a Person is deemed to Control a corporation if such Person (or such Person and its Affiliates) holds outstanding shares or other rights carrying more than 50% of the voting power in the election of the board of directors of the corporation; (ii) a Person is deemed to Control a partnership if such Person (or such Person and its Affiliates) holds more than 50% in value of the equity of the partnership; (iii) a Person is deemed to Control a trust if such Person (or such Person and its Affiliates) holds more than 50% in value of the beneficial interests in the trust; and (iv) a Person that controls another Person is deemed to Control any Person controlled by that other Person;
- (c) **"Distribution"** means (i) any payment in cash or in kind that provides an income (including interest or dividends) or a return on, or constitutes a distribution or redemption or other retirement of, the equity or capital of a Person (other than a dividend paid by way of the issuance of new equity interests); (ii) any payment (principal and interest) on account of debt due to a shareholder, Affiliate, partner, director or officer of a Person (iii) earn-out payments owing to any shareholder, Affiliate, partner, director or officer of a Person; and (iv) any bonus, fee or like payment to any shareholder, partner, director or officer of a Person or a related party of a Person;
- (d) **"Group"** means, collectively, the Eligible Borrower and its Affiliates;
- (e) **"Person"** means any natural person, corporation, company, partnership, joint venture, limited liability company, unincorporated organization, trust or any other entity; and
- (f) **"Principal Senior Lender"** means, except as set out in the following provision, the primary lender or account or cash management bank of the Eligible Borrower which holds (or will hold in connection with the Financing) a first ranking general security interest or hypothec on the personal or movable property of the Eligible Borrower (subject to such other liens over specific class of property which are incurred in the ordinary course of business); provided that for the Eligible Borrower with syndicated credit facilities or "club deal" credit facilities, (i) with respect to syndicated credit facilities, the Principal Senior Lender may be any Eligible Lender that is the administrative agent, the lender holding the largest commitment or the lead arranger under such facilities, provided that the same Principal Senior Lender provides the Financing to the Eligible Borrower on a bilateral basis; or (ii) with

respect to “club deals” or other similar type of lending arrangements, the Principal Senior Lender will be the lender holding the largest commitment or outstanding loans under the Eligible Borrower’s bilateral credit facilities (or if more than one lender holds the same largest amount of commitment (or outstanding loans), the Principal Senior Lender may be any one of those lenders), provided that the same Principal Senior Lender provides the Eligible Loan to the Eligible Borrower on a bilateral basis.

The Eligible Borrower acknowledges and agrees that this document constitutes a credit document for the purposes of the Financing. As such the Lender can require repayment of the Financing to the extent any of the representations and warranties and covenants made herein are untrue or misleading in any respect (i) as of the date hereof, (ii) as of the date of disbursement of advances of amounts under the Financing, and (iii) with respect to the representations and warranties and covenants in paragraphs (g) and (i), at any time prior to the repayment in full of all of the amounts owing under the Financing.

In connection with the Financing, the Eligible Borrower agrees, and cause its Affiliates, to provide, upon request from the Government of Canada (directly or through their Affiliates, agents, BDC or the Lender) additional reporting as deemed reasonably necessary.

The Eligible Borrower hereby acknowledges and agrees that (i) BDC (and the Government of Canada as shareholder of BDC) may make any disclosure identifying the Eligible Borrower, its guarantors and the Financing, including as to the fact that they have benefited from HASCAP and the amount of the Financing thereunder; and (ii) the Lender may disclose to BDC any information relating to the Eligible Borrower or its guarantors, confidential or otherwise, including, without limitation, credit information, financial statements (audited and unaudited), payment history, business plans, business history, business organization and copies of and other information relating to any of the credit facilities or other services or products provided by the Lender to the Eligible Borrower.