

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”), dated as of September 19, 2018, is entered into between Cenorin, LLC, a Washington limited liability company, as seller (“**Seller**”), and Covalon Technologies AG Ltd., a Delaware corporation, as buyer (“**Buyer**”).

RECITALS

WHEREAS Seller is the legal and beneficial owner of certain assets;

AND WHEREAS Seller wishes to sell and assign to Buyer, and Buyer wishes to purchase and assume from Seller, the rights and obligations of Seller to all of the assets used by Seller in the business of operating, or necessary to the operation by the Seller of, the Seller’s AG product line (the “**Business**”) on and subject to the terms and conditions set forth herein;

NOW THEREFORE in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 Certain Definitions.

As used in this Agreement, the following terms have the meanings set forth or as referenced below:

“**Action**” has the meaning specified in Section 4.1(n).

“**Adjusted Purchase Price**” means the Aggregate Purchase Price, as adjusted upwards or downwards at Closing by virtue of the Working Capital adjustment described in Section 3.5.

“**Affiliate**”, when used with respect to any specified Person, means any other Person who or that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such specified Person.

“**Aggregate Purchase Price**” has the meaning specified in Section 3.1(e).

“**Assigned Contracts**” has the meaning specified in Section 4.1(j).

“**Assignment and Assumption Agreement**” has the meaning specified in Section 7.1(d)(v).

“**Assumed Liabilities**” has the meaning specified in Section 2.3.

“**Bill of Sale**” has the meaning specified in Section 7.1(d)(iv).

“**Buyer**” has the meaning given to such term in the recitals.

“**Business**” has the meaning given to such term in the recitals.

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks in the City of Seattle, Washington, are authorized or required by law to be closed.

“**Closing**” has the meaning specified in Section 8.1.

“**Closing Date**” has the meaning specified in Section 8.1.

“**Closing Cash Payment**” has the meaning specified in Section 3.1(a).

“**Closing Working Capital Statement**” has the meaning specified in Section 3.4(4).

“**Consulting Agreement**” means any consulting Contract, consulting agreement, termination or severance agreement, salary continuation agreement, change of control agreement or any other Contract, including offers for any of the above, respecting the terms and conditions of a consulting or independent contractor relationship in respect to any current or former officer, employee, consultant or independent contractor.

“**Contract**” means any contract (written or oral), undertaking, commitment, arrangement, plan or other legally binding agreement or understanding.

“**Damages**” has the meaning specified in Section 10.2.

“**Deferred Consideration**” has the meaning specified in Section 3.1(d).

“**Designated Employees**” has the meaning specified in Section 12.1(1).

“**Disclosure Schedules**” has the meaning specified in Section 4.1.

“**Draft Working Capital Statement**” has the meaning specified in Section 3.4(1).

“**Earn-Out Amount**” has the meaning specified in Section 3.1(e).

“**Effective Time**” has the meaning specified in Section 8.1.

“**Employee Benefit Plan**” means each “Employee Benefit Plan”, as such term is defined in Section 3(3) of ERISA, of the Seller that (i) is subject to any provision of ERISA, (ii) is maintained or contributed to by the Seller or any of its ERISA Affiliates (as that term is defined in ERISA), as the case may be and (iii) covers any employee of the Business.

“**Employee Plans**” has the meaning specified in Section 12.2.

“**Employee Start Date**” has the meaning specified in Section 12.1(3).

“**Employment Agreement**” means the employment agreement entered into on the Closing Date between Buyer (or any of its Affiliates) and [Redacted - Privacy - Personal Information] in a form satisfactory to Buyer.

“ERISA” means the Employee Retirement Income Security Act of 1974 or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

“**Lock-up Agreement**” has the meaning specified in Section 3.1(c).

“**Lock-up Shares**” has the meaning specified in Section 3.1(c).

“**Lock-up Share Payment**” has the meaning specified in Section 3.1(c).

“**Excluded Assets**” has the meaning specified in Section 2.2(1).

“**Excluded Liabilities**” has the meaning specified in Section 2.4.

“**Fundamental Representations**” has the meaning specified in Section 4.2.

“GAAP” means generally accepted accounting principles in the United States in effect from time to time.

“**Governmental Authority**” means any governmental, regulatory or administrative authority, agency or commission, whether international, multinational, national, federal, provincial, state, county, municipal, local, or other, or any court, tribunal, judicial or arbitral body and any instrumentality of any of the foregoing.

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, determination, award or binding agreement issued, promulgated or entered by or with any Governmental Authority.

“**Indemnified Party**” has the meaning specified in Section 10.4.

“**Indemnifying Party**” has the meaning specified in Section 10.4.

“**Intellectual Property**” has the meaning specified in Section 4.1(i)(A).

“**Intellectual Property Assignments**” has the meaning specified in Section 7.1(d)(vi).

“**Interim Period**” has the meaning specified in Section 6.1(1).

“**knowledge of Seller**” has the meaning specified in Section 4.1.

“**Labor Laws**” means all Laws governing or concerning labor relations, unions and collective bargaining, conditions of employment, employment discrimination and harassment, wages, hours or occupational safety and health, including, without limitation, ERISA, the United States Immigration Reform and Control Act of 1986, the United States National Labor Relations Act, the United States Civil Rights Acts of 1866 and 1964, the United States Equal Pay Act, ADEA, ADA, FMLA, OSHA, the United States Davis Bacon Act, the United States Walsh-Healy Act, the United States Service Contract Act, United States Executive Order 11246, FLSA and the United States Rehabilitation Act of 1973.

“Laws” means any principle of common law and any constitution, statute, law, ordinance, regulation, rule, code, injunction, judgment or other Governmental Order, requirement or rule of law.

“Lien” means any lien (statutory or otherwise), mortgage, pledge, charge, option, hypothecation, collateral assignment, encumbrance, security interest, restriction or similar claim in equity of any kind or nature whatsoever which, in substance, secures payment or performance of an obligation.

“Licenses” means all notifications, licenses, permits (including operation permits), franchises, certificates, approvals, exemptions, classifications, registrations and other similar documents and authorizations issued by any Governmental Authority and related to the Business, and applications therefor, held by Seller.

“Material Adverse Effect (or Change)” means any circumstance, development, effect, event, condition or occurrence which (i) has been, or reasonably could be expected to be, material and adverse with respect to the Seller’s financial condition, assets, properties, liabilities, rights, obligations, operations or prospects of the Business taken as a whole, or (ii) materially impairs or delays, or reasonably could be expected to materially impair or delay, the ability of the Seller to consummate the transactions contemplated by this Agreement or to perform its obligations under this Agreement; provided, that “Material Adverse Effect (or Change)” shall not include any circumstance, development, effect, event, condition or occurrence, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Business operates that do not affect the Business disproportionately to the other participants in such industries; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (vi) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof that do not affect the Business disproportionately to the other participants in such industries; (vii) any natural or man-made disaster or acts of God; or (viii) any failure by the Business to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition).

“Non-assigned Contract” has the meaning specified in Section 8.3(a).

“Non-Disclosure Agreement” has the meaning specified in Section 13.6.

“Non-Fundamental Representations” has the meaning specified in Section 4.2.

“Notice of Objection” has the meaning specified in Section 3.4(2).

“Parent” has the meaning specified in Section 3.1(a).

“Permitted Lien” means (i) Liens for Taxes not yet due and delinquent, (ii) easements, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, and (iii) Liens listed and described in Section 1.1 of the Disclosure Schedules but only to the extent such Liens conform to their description in Section 1.1 of the Disclosure Schedules.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, governmental agency or instrumentality, or any other entity of Governmental Authority.

“Promissory Note” has the meaning specified in Section 3.1.

“Purchased Assets” has the meaning specified in Section 2.1.

“Replacement Plans” has the meaning specified in Section 12.2.

“Seller” has the meaning given to such term in the recitals.

“Seller's knowledge” has the meaning specified in Section 4.1.

“Shared Assets” has the meaning specified in Section 2.2(2).

“Tax” means (i) all federal, provincial, territorial, state, municipal, local, foreign or other taxes, imposts, rates, levies, assessments and other charges (and all interest and penalties thereon and additions thereto imposed by any Governmental Authority), including without limitation all income, excise, franchise, gains, capital, real property, goods and services, transfer, value added, gross receipts, windfall profits, severance, ad valorem, Personal property, production, sales, use, license, stamp, documentary stamp, mortgage recording, employment, payroll, social security, unemployment, disability, estimated or withholding taxes, and all customs and import duties, in each case whether disputed or not; (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of being or having been a member of an Affiliated, consolidated, combined or unitary group; and (iii) any liability for the payment of any amounts as a result of being party to any Tax sharing agreement or arrangement or as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts of the type described in clause (i) or (ii).

“Tax assessment period” has the meaning specified in Section 4.2.

“Tax Return” means any return, statement, report, form, information return or claim for refund relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Taxing Authority” means any Governmental Authority responsible for the administration or imposition of any Tax.

“Termination Fee” has the meaning specified in Section 9.3(1).

“Threshold” has the meaning specified in Section 10.4(1).

“**Transaction Documents**” means all of the agreements, documents, instruments and certificates contemplated by this Agreement or to be executed by a party to this Agreement in connection with the consummation of the transactions contemplated by this Agreement.

“**Transferred Employees**” has the meaning specified in Section 12.1(3).

“**Transition Services Agreement**” has the meaning specified in Section 7.1(d)(vii).

“**Transferred Permits**” has the meaning specified in Section 4.1(k).

“**Working Capital**” has the meaning specified in Section 3.4(1).

Section 1.2 Accounting Terms.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP provided that, to the extent the Seller’s past practices are inconsistent with GAAP, GAAP will control.

ARTICLE 2 PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets.

Subject to the terms and conditions of this Agreement, Seller agrees to sell, assign and transfer to Buyer and Buyer agrees to purchase from Seller, on the Closing Date, effective as of the Effective Time, the undertaking and all of the property and assets of every kind and description and wheresoever situate of the Business, other than the Excluded Assets and the Shared Assets, including the property and assets set forth in Schedule 2.1 hereto (collectively, the “**Purchased Assets**”), free and clear of any Liens other than Permitted Liens.

Section 2.2 Excluded Assets; Shared Assets.

- (1) The Purchased Assets shall not include any of the assets set out in Schedule 2.2(1) (collectively, the “**Excluded Assets**”).
- (2) The Purchased Assets shall not include any of the shared assets as set out in Schedule 2.2(2), unless otherwise agreed to by both parties in writing (collectively, the “**Shared Assets**”).

Section 2.3 Assumed Liabilities.

Subject to the Closing, Buyer agrees to assume, discharge, perform and fulfil the following liabilities and obligations of Seller with respect to the Business and the Purchased Assets as and from the Effective Time (collectively, the “**Assumed Liabilities**”):

- (a) all current liabilities set forth in the Closing Working Capital Statement relating to the Business that are due or accruing after the Effective Time;

- (b) all obligations and liabilities under the Purchased Contracts arising in respect of the period after the Effective Time and not related to any default existing at, prior to or as a consequence of Closing as identified in Section 2.3(b) of the Disclosure Schedules;
- (c) the employment contract of *[Redacted – Privacy – Personal Information]* and the Seller's Incentive Bonus Plan for all Designated Employees; and
- (d) all other obligations and liabilities expressly assumed under this Agreement, if any.

Section 2.4 Excluded Liabilities.

Buyer shall not assume and shall have no obligation to discharge, perform or fulfil, and Seller will indemnify Buyer from and against, any and all Excluded Liabilities. “**Excluded Liabilities**” means any and all liabilities and obligations of Seller or with respect to the Business or the Purchased Assets, whether known, unknown, direct, indirect, absolute, contingent or otherwise or arising out of facts, circumstances or events, in existence on or prior to the Closing Date, other than the Assumed Liabilities, including:

- (a) all liabilities set forth in the Closing Working Capital Statement relating to the Business incurred or accruing due prior to the Effective Time;
- (b) all liabilities incurred or accruing due prior to the Effective Time under the Purchased Contracts;
- (c) any assessment or reassessment for income, corporate, capital, sales, excise or other taxes, duties or imposts of any kind whatsoever of Seller or, if incurred or accruing due prior to the Effective Time, relating to the Business or Purchased Assets;
- (d) all liabilities and obligations of Seller described in Section 12.2 and Section 12.3(1); and
- (e) all liabilities and obligations arising out of any employment Contract, with the exception of any liability expressly assumed by Buyer under this Agreement in respect of any Transferred Employee.

ARTICLE 3 PURCHASE PRICE

Section 3.1 Purchase Price.

The parties agree that the Aggregate Purchase Price (as defined below) to be paid at Closing (except for the consideration described Section 3.1(d), which will be paid in accordance with Schedule 3.1(d) and which shall be memorialized by a secured subordinated promissory note given by Buyer in favor of Seller in the form attached as **Exhibit A** to Schedule 3.1(d) (the “**Promissory Note**”), and the consideration described in Section 3.1(e), which will be paid in

accordance with Schedule 3.1(e)), by Buyer directly to Seller or on behalf of Seller, as set out below, for the Purchased Assets shall be as follows, subject to adjustment in accordance with Section 3.5 and Section 3.6, as applicable:

- (a) at Closing, a cash payment in the amount of \$3,617,392 (the “**Closing Cash Payment**”). At Closing, the Closing Cash Payment shall be paid by wire transfer of immediately available funds to Seller or as Seller may direct;
- (b) subject to TSXV approval (which approval may be waived by Buyer and Buyer may elect to satisfy such share payment in cash), an aggregate of that number of common shares of Covalon Technologies, Ltd. (“**Parent**”), an Affiliate of Buyer, at a price per common share equal the five (5)-day volume weighted average share price of Parent’s shares on the TSXV immediately prior to the Closing Date, equal to \$705,308 (the “**Closing Shares**”) as determined using the noon USD exchange rate from the Bank of Canada on the Business Day prior to the Closing Date, to Seller or as Seller may direct, such Closing Shares shall be in satisfaction of amounts owed to [Redacted – Privacy – Personal Information] and the Designated Employees pursuant to the Seller’s Incentive Bonus Plan (such payment constituting the “**Closing Share Payment**”). The Closing Shares shall be issued in reliance on section 2.12 of National Instrument 45-106 – *Prospectus Exemptions*;
- (c) subject to TSXV approval (which approval may be waived by Buyer and Buyer may elect to satisfy such share payment in cash), by issuing that number of common shares of Parent to Seller, at a price per common share equal the five (5)-day volume weighted average share price of Parent’s shares on the TSXV immediately prior to the Closing Date, equal to \$500,000 (the “**Lock-up Shares**”) as determined using the noon USD exchange rate from the Bank of Canada on the Business Day prior to the Closing Date, which Lock-up Shares shall be subject to a lock-up agreement (the “**Lock-up Agreement**”) between Parent, Buyer and Seller entered into on the Closing Date (such payment constituting the “**Lock-up Share Payment**”). The Lock-up Shares shall be issued in reliance on section 2.12 of National Instrument 45-106 – *Prospectus Exemptions*;
- (d) payable from time to time on the relevant date on which a portion of the Deferred Consideration (defined below) is due as set out in Schedule 3.1(d) hereto, deferred cash payments of a maximum amount of \$7,552,300 as follows:
 - (i) on the first anniversary of Closing, a cash payment of \$2,552,300; and
 - (ii) on the second anniversary of Closing, a cash payment of \$5,000,000,each payment to be made by wire transfer of immediately available funds (the “**Deferred Consideration**”), to Seller or as Seller may direct; and
- (e) payable from time to time pursuant to the provisions set out in Schedule 3.1(e) hereto, a cash payment of up to a maximum amount of \$900,000 (the “**Earn-Out Amount**”), if any, by wire transfer of immediately available funds, to Seller or as Seller may direct and which shall be subject to the conditions, and based on the

formulae, set out in Schedule 3.1(e) . The Closing Cash Payment together with the Closing Share Payment, the Lock-up Share Payment, the Deferred Consideration and the Earn-Out Amount plus the dollar value of the Assumed Liabilities is referred to herein as the “**Aggregate Purchase Price**”.

Section 3.2 Allocation of Aggregate Purchase Price.

Seller and Buyer agree to allocate, within 90 days after the Closing Date, the Aggregate Purchase Price among the Purchased Assets for all purposes (including tax and financial accounting) in accordance with Schedule 3.2 hereto or as agreed by their respective accountants, negotiating in good faith on their behalf. Buyer and Seller shall file all tax returns (including amended returns and claims for refund), information reports and other instruments in a manner consistent with such allocation.

Section 3.3 Inventory Count.

Seller shall conduct an inventory count on the day immediately preceding the Closing Date, or on such other date prior to Closing as agreed to by Buyer and Seller in writing, at Seller’s cost for purposes of determining the aggregate value of such inventory as of the Closing Date. The inventory count shall be coordinated with Buyer such that Buyer is able to observe the inventory count. Any objections that Buyer has to Seller’s inventory count shall be resolved by the parties as a part of and during the inventory count.

Section 3.4 Preparation of Working Capital Statement.

- (1) Within 90 days following the Closing Date (or such other date as is mutually agreed to by Seller and Buyer in writing), Buyer shall prepare and deliver to Seller a draft unaudited statement of Working Capital (the “**Draft Working Capital Statement**”) of the Business prepared as of the Effective Time. The Draft Working Capital Statement will be substantially in the same form as the sample Draft Working Capital Statement set out in Schedule 3.4 provided by Buyer to Seller at least five (5) Business Days prior to Closing. For the purposes of this Agreement, “**Working Capital**” means, at any time, the amount by which the current assets of the Business (excluding any Excluded Assets and Shared Assets) exceed the current liabilities of the Business (excluding any Excluded Liabilities), in each case consistent with past practice, as further detailed in the draft Working Capital Statement set out in Schedule 3.4.
- (2) Seller shall have 20 Business Days to review the Draft Working Capital Statement following receipt of it and Seller must notify Buyer in writing if it has any objections to the Draft Working Capital Statement within such 10 business day period (a “**Notice of Objection**”). The Notice of Objection must contain a statement of the basis of each of Seller’s objections and each amount in dispute. Buyer shall provide access, upon every reasonable request, to Seller to all work papers of Buyer, accounting books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Draft Working Capital Statement.
- (3) If Seller sends a Notice of Objection of the Draft Working Capital Statement in accordance with Section 3.4(2), the parties shall work expeditiously and in good faith in

an attempt to resolve such objections within 20 business days following receipt of the notice. Failing resolution of any objection to the Draft Working Capital Statement raised by Seller, the dispute will be submitted for determination to a nationally-recognized independent firm of chartered accountants mutually agreed to by Buyer and Seller which has not provided services to either Seller or Buyer within the previous two (2) years (the “**Arbitrating Accountant**”) (and, failing such agreement between Buyer and Seller within a further period of five (5) Business Days, such independent firm of chartered accountants will be Moss Adams LLP, which has not provided services to either Buyer or Seller within the previous two (2) years, or if such firm is unable to act, the parties will agree on a different independent firm of chartered accountants who is not rendering (and during the preceding two-year period) has not rendered) services to either Seller or Buyer. The determination of such firm of chartered accountants will be final and binding upon the parties and will not be subject to appeal, absent manifest error. Such firm of chartered accountants is deemed to be acting as experts and not as arbitrators.

- (4) If Seller does not notify Buyer of any objection within the 20 Business Day period, Seller is deemed to have accepted and approved the Draft Working Capital Statement and such Draft Working Capital Statement will be final, conclusive and binding upon the parties, and will not be subject to appeal, absent manifest error. The Draft Working Capital Statement will become the “**Closing Working Capital Statement**” on the next Business Day following the end of such 20 Business Day period.
- (5) If Seller sends a Notice of Objection in accordance with Section 3.4(2), the parties shall revise the Draft Working Capital Statement to reflect the final resolution or final determination of such objections under Section 3.4(2) within two Business Days following such final resolution or determination. Such revised Draft Working Capital Statement will be final, conclusive and binding upon the parties, and will not be subject to appeal, absent manifest error. The Draft Working Capital Statement will become the “**Closing Working Capital Statement**” on the next Business Day following revision of the Draft Working Capital Statement under this Section 3.4(5).
- (6) Seller and Buyer shall each bear their own fees and expenses, including the fees and expenses of their respective auditors, if any, in preparing or reviewing, as the case may be, the Draft Working Capital Statement. In the case of a dispute and the retention of the Arbitrating Accountant to determine such dispute, the costs and expenses of the Arbitrating Accountant will be borne equally by Seller and Buyer. However, Seller and Buyer shall each bear their own costs in presenting their respective cases to the Arbitrating Accountant.
- (7) The parties agree that the procedure set forth in this Section 3.4 for resolving disputes with respect to the Draft Working Capital Statement is the sole and exclusive method of resolving such disputes, absent manifest error. This Section 3.4 will not prohibit any party from instigating litigation to compel specific performance of this Section 3.4 or to enforce the determination of the independent firm of chartered accountants.

Section 3.5 Working Capital Purchase Price Adjustment.

- (1) The Aggregate Purchase Price will be increased or decreased, as the case may be, dollar-for-dollar, to the extent that the Working Capital as determined from the Closing Working Capital Statement is more or less than \$1,500,000 (the “**Working Capital Target**”) as follows:
 - (a) If the Working Capital determined from a Closing Working Capital Statement is more than the Working Capital Target, Buyer shall pay the amount of such difference, dollar-for-dollar, as an increase to the Aggregate Purchase Price.
 - (b) If the Working Capital determined from the Closing Working Capital Statement is less than the Working Capital Target, Seller shall pay to Buyer the amount of such difference, dollar-for-dollar, as a decrease to the Aggregate Purchase Price.
- (2) Any payment to be made pursuant to this Section 3.5 shall be made by wire transfer of immediately available funds within five Business Days after the Draft Working Capital Statement becomes the Closing Working Capital Statement in accordance with Section 3.4(4) or Section 3.4(5), as the case may be.

Section 3.6 Withholding Tax.

Buyer shall be entitled to deduct and withhold from the Aggregate Purchase Price all taxes that Buyer may be required to deduct and withhold under any applicable Tax law. All such withheld amounts shall be treated as delivered to Seller hereunder.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

Section 4.1 Representations and Warranties of Seller.

Seller represents and warrants to Buyer that the statements contained in this Article 4 are true and correct as of the date hereof, except as expressly set forth on the Disclosure Schedules attached hereto (the “**Disclosure Schedules**”). The Disclosure Schedules shall be arranged in numbered sections corresponding to the sections contained in this Article 4 and any information disclosed therein under any section of the Disclosure Schedules shall be deemed disclosed and incorporated into any other section of the Disclosure Schedules as and to the extent it is reasonably determined on the face of the disclosure contained therein that such deemed disclosure and incorporation would be appropriate. For purposes of this Article 4, “**Seller's knowledge**”, “**knowledge of Seller**”, and any similar phrases shall mean the actual knowledge of [Redacted – Privacy – Personal Information], [Redacted – Privacy – Personal Information] and [Redacted – Privacy – Personal Information], after reasonable inquiry of each such individual's direct managerial-level reports.

- (a) **Organization and Authority of Seller; Enforceability.** Seller is a limited liability company formed and existing under the laws of the jurisdiction of its formation and has the limited liability company power and authority to enter into this Agreement and the Transaction Documents to be delivered hereunder, to carry

out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Seller of this Agreement and the Transaction Documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate actions on the part of Seller. This Agreement and the Transaction Documents to be delivered hereunder have been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement and the Transaction Documents to be delivered hereunder constitute legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms (subject to the effect of the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or of equity)).

- (b) **No Conflicts; Consents.** The execution, delivery and performance by Seller of this Agreement and the documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, by-laws or other organizational documents of Seller; (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Seller or the Purchased Assets of which Seller has received written notice; (c) conflict with, or result in (with or without notice or lapse of time or both) any violation of, or default under, or give rise to a right of termination, acceleration or modification of any obligation or loss of any benefit under any contract or other instrument to which Seller is a party or to which any of the Purchased Assets are subject of which Seller has received written notice; or (d) result in the creation or imposition of any Lien on the Purchased Assets. No consent, approval, waiver or authorization is required to be obtained by Seller from any person or entity (including any governmental authority) in connection with the execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby.
- (c) **Sufficiency of Assets.** Schedule 2.1 hereof and Schedule 2.1 of the Disclosure Schedules list all of assets, rights and property used by Seller to carry on the Business prior to the Closing and no other assets, rights or property have been used by Seller or have been required to carry on the Business prior to Closing. All of the assets sold are in working condition and are a functional component of the sales, manufacturing and fulfilment of the Aqua Guard product line.
- (d) **Title to Purchased Assets.** Except for the Excluded Assets and the Shared Assets, the property and assets included in the Purchased Assets (i) constitute all of the assets used by Seller in carrying on the Business, and (ii) include all of the assets set forth on or reflected on Seller's unaudited balance sheet for the year-ended December 31, 2017, other than assets acquired, sold, transferred or otherwise disposed of in accordance with this Agreement since such date. Seller has legal and beneficial ownership of the Purchased Assets free and clear of all Liens other than Permitted Liens. No other Person owns any property and assets which are being used in the Business except as set forth in the Disclosure Schedules.

- (e) **Condition of Tangible Assets.** The equipment, technology and communications hardware and other tangible personal property which comprise the Purchased Assets are in good operating condition and repair and are adequate and suitable for the uses to which they are being put, and none of such Purchased Assets are in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.
- (f) **No Material Adverse Change.** Since December 31, 2018, there has not been any Material Adverse Change, and no event has occurred or circumstance exists which will result in such a Material Adverse Change, in the operations of or financial performance of the Business.
- (g) **Inventory.** All inventory, finished goods, raw materials, work in progress, packaging, supplies, parts and other inventories included in the Purchased Assets consist of a quality and quantity usable and salable in the ordinary course of business, subject to normal wear and tear.
- (h) **No Liabilities.** Except as set forth in Section 4.1(h) of the Disclosure Schedules, there are no liabilities, whether or not accrued and whether or not determined or determinable, in respect of which Buyer may become liable on or after consummation of the transactions contemplated by this Agreement other than the Assumed Liabilities.
- (i) **Intellectual Property.**
 - (A) **“Intellectual Property”** means any and all of the following in any jurisdiction throughout the world: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; and (vii) any other intellectual property and industrial property.
 - (B) Section 4.1(i)(B) of the Disclosure Schedules lists all Intellectual Property owned by or licensed to Seller or used by Seller in

carrying on the Business. Seller owns all right, title and interest in and to the Intellectual Property owned by Seller, free and clear of all Liens and Seller has the right to use all the Intellectual Property used by it in carrying on the Business. Seller is not bound by any outstanding judgment, injunction, order or decree restricting the use of the Intellectual Property used by it in carrying on the Business, or restricting the licensing thereof to any Person or entity. Seller has taken all reasonable steps to protect its rights in and to its owned Intellectual Property, in each case in accordance with industry practice. With respect to the registered Intellectual Property listed on Section 4.1(i)(B) of the Disclosure Schedules, (i) all such Intellectual Property is valid, subsisting and in full force and effect and (ii) Seller has paid all maintenance fees and made all filings required to maintain its ownership thereof. For all such registered Intellectual Property, Section 4.1(i)(B) of the Disclosure Schedules lists (A) the jurisdiction where the application or registration is located, (B) the application or registration number, and (C) the application or registration date.

- (C) Except as set forth in Section 4.1(i)(C) of the Disclosure Schedules, no claims have been asserted or are threatened by any Person alleging that the conduct of the Business, including the use of the Intellectual Property owned by, licensed to or used by Seller, infringes upon any of their Intellectual Property rights. To the knowledge of Seller, there are no valid grounds for any such bona fide claims by any such Persons alleging a conflict with or infringement of their Intellectual Property rights. To the knowledge of Seller, there is no state of facts that casts doubt on the validity or enforceability of any of the Intellectual Property owned by, licensed to or used by it.
- (D) The Intellectual Property owned by or licensed to Seller or which Seller otherwise has the right to use constitutes all Intellectual Property necessary for the conduct of the Business as presently conducted. Except as set forth in Section 4.1(i)(D) of the Disclosure Schedules, following Closing, Buyer will be entitled to continue to use, practice and exercise rights in, all of the Intellectual Property owned by, licensed to and used by Seller, to the same extent and in the same manner as used, practiced and exercised by Seller prior to Closing without financial obligation to any Person.
- (j) **Assigned Contracts.** Section 4.1(j) of the Disclosure Schedules includes each Contract included in the Purchased Assets and being assigned to and assumed by Buyer (the “Assigned Contracts”). Each Assigned Contract is valid and binding on Seller in accordance with its terms and is in full force and effect. No event or circumstance has occurred that, with or without notice or lapse of time or both, would constitute an event of default under any Assigned Contract or

result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of benefit thereunder to Seller's knowledge. Complete and correct copies of each Assigned Contract have been made available to Buyer. There are no disputes pending or threatened under any Assigned Contract to Seller's knowledge. To the extent required, Seller agrees to exercise all best efforts commencing on the date hereof and during the 12 month period following the Closing Date to secure the consent to the assignment of the Assigned Contracts and the assumption thereof by Buyer.

- (k) **Permits.** Section 4.1(k) of the Disclosure Schedules lists all permits, licenses, approvals, authorizations, registrations, certificates, variances and similar rights obtained from Governmental Authorities included in the Purchased Assets, to the extent transferable (the "**Transferred Permits**"). The Transferred Permits are valid and in full force and effect. All fees and charges with respect to such Transferred Permits as of the date hereof have been paid in full. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Transferred Permit.
- (l) **Non-Foreign Status.** Seller is not a "**foreign person**" as that term is used in Treasury Regulations Section 1.1445-2.
- (m) **Compliance With Laws.** Seller has not received a written notice of any violation of compliance with all applicable federal, state and local laws and regulations applicable to ownership and use of the Purchased Assets.
- (n) **Legal Proceedings.** There is no claim, action, suit, proceeding, charge, complaint, grievance, arbitration, alternative dispute resolution process or governmental investigation ("**Action**") of any nature pending or threatened against or by Seller (a) relating to or affecting the Purchased Assets; or (b) that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.
- (o) **Employees and Employee Benefit Plans.**
 - (i) Section 4.1(o) of the Disclosure Schedules is a list of all employees of Seller currently employed by Seller in connection with the Business.
 - (ii) In respect of the Business, Seller: (i) is, and at all times has been, in compliance in all material respects with all applicable Labor Laws; (ii) has withheld and reported all amounts required by any law or contract to be withheld and reported with respect to wages, salaries and other payments to any employee; (iii) has no liability for any arrears of wages or any taxes or any penalty for failure to comply with any of the foregoing; and (iv) has no liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social

security or other benefits or obligations for any employee (other than routine payments to be made in the normal course of business and consistent with past practice).

- (iii) In respect of the Business, Seller has not, in the last five (5) years and currently is not, engaged in any unfair labor practice.
- (iv) There are no actions, suits, claims, charges, complaints, audits, investigations, or administrative matters pending, or, to the knowledge of Seller, threatened against Seller or any of its employees relating to any employee currently or previously employed by Seller in connection with the Business, any independent contractors, or with respect to any employment or consulting contracts or Employee Benefit Plans in respect of the Business. Seller is not a party to a conciliation agreement, consent decree, or other contract or order with any Governmental Authority with respect to employment practices in respect of the Business.
- (v) All amounts due or accrued due in respect of the Business for all salary, wages, bonuses, commissions, vacation with pay, sick days, other paid time off and benefits under any of Seller's Employee Benefit Plans have either been paid or are accurately reflected Seller's books and records. Seller has provided to Buyer all written policies or in the case of oral policies, has described same on Section 4.1(o)(v) of the Disclosure Schedules, relating to paid time off or expense reimbursement for employees whether they are reimbursed on an individual or collective basis.
- (vi) Current and complete copies of all employment contracts, confidentiality agreement and/or agreements containing post-employment restrictive covenants, in respect of the Business have been delivered or made available or described to Buyer. Seller has delivered or made available to Buyer copies of all of Seller's Employee Benefit Plans sponsored, maintained, or contributed to by Seller as of the date of this Agreement, and, if applicable, the most recent annual report on Form 5500 filed with the Internal Revenue Service. Seller has maintained and administered each Employee Benefit Plan in material compliance, in form and in operation, with the provisions of ERISA, the Internal Revenue Code (the "Code"), and each other law or regulation relating to or governing the Employees Plans. Each Employee Benefit Plan of Seller intended to be qualified under Section 401(a) of the Code is covered by a favorable Internal Revenue Service determination letter or opinion letter as to the tax-qualified status of the plan and trust.
- (vii) Seller has not maintained, sponsored, adopted, made contributions to or obligated itself to make contributions to or to pay any benefits or grant rights under or with respect to any "Employee Pension Benefit Plan" (as defined in Section 3(2) of ERISA), "Employee Welfare Benefit Plan" (as defined in Section 3(1) of ERISA), or "multi-employer plan" (as defined in

Section 3(37) of ERISA). Further, no Employee Benefit Plan of Seller will give rise to or result in Buyer having any debt, liability, claim, or obligation of any kind or nature, whether accrued, absolute, contingent, direct, indirect, known or unknown, perfected or inchoate or otherwise and whether or not due or to become due. None of the Purchased Assets are, or may reasonably be expected to become, the subject of any lien arising under ERISA or the Code.

- (viii) Except as disclosed in Section 4.1(o)(viii) of the Disclosure Schedules, the employment of the employees of Seller in connection with the Business is terminable by Seller at will, and no employee of Seller in connection with the Business has any agreement as to length of notice or severance payment required to terminate his employment, other than such as results by law from the employment of an employee without an agreement as to notice or severance.
- (ix) Except as disclosed in Section 4.1(o)(vix) of the Disclosure Schedules, there are no severance, compensation, employment, retention or other contracts or benefit plans with current or former employees providing for cash or other compensation, benefits or acceleration of benefits upon the consummation of, or relating to, the transactions contemplated by this Agreement.
- (p) **Taxes.** Seller has timely filed or will have timely filed all Tax Returns for the periods or portions thereof ending on or prior to the Closing Date that are required to be filed on or prior to the Closing Date with any Tax authority, and all such Tax Returns are true, accurate and complete in all material respects. Seller has timely paid, or made adequate provision for the payment of, all Taxes due and owing by Seller (whether or not shown on any Tax Return), all Tax assessments received, and any other Taxes that have or may become due under applicable law with respect to all periods or portions thereof ending on or prior to the Closing Date. There are no liens for Taxes (other than current Taxes not yet due and payable) on any of the Purchased Assets. Seller has not received notice of any claim for assessment or collection of Taxes and no such claim is pending or is presently being asserted against Seller with respect to any of the Purchased Assets. Seller has not agreed to any extension of time within which to file any Tax Return, which Tax Return has not since been filed, or which extends the period for payment of any Taxes, which Taxes have not yet been paid. Seller is not a party to any pending audit, investigation, action or proceeding with any Tax authority, nor does Seller have knowledge of any threatened audit, investigation, action or proceeding by any Tax authority with respect to Seller, the Business or any of the Purchased Assets. Seller has not received notice of any claim by any Taxing authority in any jurisdiction where it does not file Tax Returns or pay Taxes that it is or may be subject to Tax by that jurisdiction. Seller has timely withheld and timely paid all Taxes that are required to have been withheld and paid by Seller in connection with amounts paid or owing to any employee, independent contractor, creditor or other person and all Forms W-2

and 1099 required with respect thereto have been properly completed and timely filed.

- (q) **Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.
- (r) **Creditors.** There are no other creditors to the Purchased Assets other than The Commerce Bank of Washington, N.A. and no other creditor with a mortgage, pledge, lien, charge, security interest, claim or other encumbrance in relation to the Purchased Assets.
- (s) **Full Disclosure.** No representation or warranty by Seller in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

Section 4.2 Survivability.

The non-fundamental representations and warranties set out in Article 4, which shall be all representations and warranties in Article 4, other than the Fundamental Representations (collectively, the "**Non-fundamental Representations**"), will survive and continue in full force and effect for a period of two years after execution of this Agreement with any representations and warranties relating to Taxes surviving until 60 days after the expiration of any relevant assessment or reassessment period (the "**Tax assessment period**") during which any Tax assessment may be issued by a Governmental Authority in respect of any taxation year to which such representations and warranties extend. The Tax assessment period will be determined having regard to any consent, waiver, agreement or other document that extends the period during which a Governmental Authority may issue a Tax assessment. A Tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for taxes under applicable Law. There shall be no limitation period for breach of any fundamental representation, being Section 4.1(a)(*Organization and Authority of Seller; Enforceability*), Section 4.1(b)(*No Conflicts; Consents*), Section 4.1(c)(*Sufficiency of Assets*), Section 4.1(d)(*Title to Purchased Assets*), Section 4.1(m)(*Compliance with Laws*) or Section 4.1(r)(*Creditors*) (collectively, the "**Fundamental Representations**"), or for fraud or fraudulent misrepresentation, willful misconduct or gross negligence.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF BUYER

Section 5.1 Representations and Warranties of Buyer

Buyer represents and warrants to Seller that the statements contained in this Article 5 are true and correct as of the date hereof.

- (a) **Organization and Authority of Buyer; Enforceability.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. Buyer has full corporate power and authority to enter into this Agreement and the Transaction Documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the Transaction Documents to be delivered hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement and the Transaction Documents to be delivered hereunder have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement and the Transaction Documents to be delivered hereunder constitute legal, valid and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms.
- (b) **No Conflicts; Consents.** The execution, delivery and performance by Buyer of this Agreement and the Transaction Documents to be delivered hereunder, and the consummation of the transactions contemplated hereby, do not and will not: (a) violate or conflict with the certificate of incorporation, by-laws or other organizational documents of Buyer; or (b) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Buyer. No consent, approval, waiver or authorization is required to be obtained by Buyer from any Person or entity (including any Governmental Authority) in connection with the execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby.
- (c) **Brokers.** With the exception of Buyer's financial advisor, the costs of which shall be borne fully by Buyer, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.
- (d) **Solvency.** Immediately after giving effect to the purchase contemplated hereby, Buyer shall be solvent and shall be able to pay its debts and liabilities as they become due.
- (e) **Acknowledgement by Buyer.** The representations and warranties by Seller constitute the sole and exclusive representations and warranties of Seller to Buyer in connection with the transactions contemplated hereby, and Buyer understands, acknowledges and agrees that all other representations and warranties of any kind or nature expressed or implied (including, but not limited to, any relating to the future or historical financial condition, results of operations, prospects, Business, assets or liabilities of Seller), whether made by Seller or any of its Affiliates or any of their respective managers, partners, officers, directors, employees, advisors, consultants, agents or representatives, are specifically disclaimed by Seller.

ARTICLE 6
PRE-CLOSING COVENANTS OF THE PARTIES

Section 6.1 Conduct of Business Prior to Closing.

- (1) During the period commencing on the date hereof and ending on the Closing Date (the “**Interim Period**”), Seller shall conduct the Business in the ordinary course consistent with the past practices of Seller.
- (2) Without limiting the generality of Section 6.1(1), Seller shall:
 - (a) use its commercially reasonable efforts to preserve intact its current business organization, keep available the services of agents of the Business and the employees and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with Seller in connection with the Business;
 - (b) subject to applicable laws, confer with Buyer concerning operational matters of a material nature relating to the Business;
 - (c) use its commercially reasonable efforts to retain possession and control of the Purchased Assets and preserve the confidentiality of any confidential or proprietary information of the Business;
 - (d) not make any changes in the current elections with respect to Taxes that will affect the Purchased Assets, the Assumed Liabilities or the Business;
 - (e) use its commercially reasonable efforts to not cause or permit to exist a breach of any representations and warranties of Seller contained in this Agreement and to conduct the Business in such a manner that on the Closing Date such representations and warranties will be true, correct and complete as if they were made on and as of such date; and
 - (f) otherwise periodically report to Buyer concerning the state of the Business and the Purchased Assets.

Section 6.2 Access by Buyer.

Subject to applicable law, during the Interim Period, Seller shall (i) upon reasonable notice, permit Buyer and its employees, agents, counsel, accountants or other representatives and lenders to have reasonable access during normal business hours to (A) the premises of Seller, (B) the Purchased Assets, including all books and records whether retained by Seller or otherwise, (C) all contracts and leases, and (D) the senior personnel of Seller, in each case, so long as the access does not unduly interfere with the ordinary conduct of the Business; (ii) furnish to Buyer or its employees, agents, counsel, accountants or other representatives and lenders such financial and operating data and other information with respect to the Purchased Assets as Buyer from time to time reasonably requests; and (iii) co-operate, or cause the co-operation, with Buyer and its representatives in the arrangement of any financing in connection

with the transactions contemplated by the Agreement, as Buyer may reasonably request from time to time. No investigations made by or on behalf of Buyer, whether under this Section 6.1(2) or any other provision of this Agreement, will have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made in this Agreement.

Section 6.3 Actions to Satisfy Closing Conditions.

- (1) Seller agrees to take all such actions as are within its power to control and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control to satisfy the conditions set forth in Section 7.1.
- (2) Buyer agrees to take all such actions as are within its power to control and shall use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control to satisfy the conditions set forth in Section 7.2.

Section 6.4 Notice of Untrue Representation or Warranty.

Seller shall promptly notify Buyer and the Buyer shall promptly notify Seller, upon any representation or warranty made by it contained in this Agreement becoming untrue or incorrect during the Interim Period. Any such notification must set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by Seller or Buyer, as the case may be, to rectify that state of affairs. Solely for the purposes of this Section 6.4 each representation and warranty shall be deemed to be given at and as of all times during the Interim Period.

Section 6.5 Transfer of Purchased Assets.

Seller shall take all necessary steps and proceedings to permit good title to the Purchased Assets to be duly and validly transferred and assigned to Buyer at the Closing, free of all Liens.

Section 6.6 Bulk Sales Laws.

The parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer.

**ARTICLE 7
CONDITIONS OF CLOSING**

Section 7.1 Conditions for the Benefit of Buyer.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of Buyer and may be waived, in whole or in part, by Buyer in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of Seller contained in this Agreement were true and correct as of the date of this Agreement and are true and correct in all material respects as of the Closing

Date, provided that in respect of the Closing Date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified date), to the extent any such representation and warranties of Seller contains any materiality qualification, such representations and warranties are accurate in all respects, with the same force and effect as if such representations and warranties had been made on and as of such date and Seller shall have executed and delivered a certificate of Seller executed by a senior officer on behalf of Seller to that effect. Upon the delivery of such certificate, the representations and warranties of Seller in Article 4 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.

- (b) **Performance of Covenants.** Seller shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to the Closing, and Seller shall have executed and delivered a certificate of a senior officer to that effect.
- (c) **Financing.** Buyer shall have received financing sufficient to complete the transaction of purchase and sale contemplated in this Agreement on terms and conditions satisfactory to Buyer, acting reasonably.
- (d) **Deliveries.** Seller shall deliver or cause to be delivered to Buyer the following in form and substance satisfactory to Buyer, acting reasonably:
 - (i) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Seller certifying as to (A) the resolutions of the manager of Seller, duly adopted and in effect, which authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, and (B) the names and signatures of the manager and/or officers of Seller, as applicable, authorized to sign this Agreement and the Transaction Documents to be delivered hereunder;
 - (ii) the certificates referred to in Section 7.1(a) and Section 7.1(b);
 - (iii) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Seller certifying as to (A) the aggregate dollar amount of the entitlements each employee of the Business is entitled to under the Seller's Incentive Bonus Plan in connection with the transactions contemplated hereby; and (B) the payment of such entitlements by Seller to such employees, and acknowledgements by such employee recipients of funds regarding same in a form satisfactory to Buyer;
 - (iv) a bill of sale (the "**Bill of Sale**") duly executed by Seller, transferring the Purchased Assets to Buyer;
 - (v) an assignment and assumption agreement (the "**Assignment and Assumption Agreement**") duly executed by Seller, effecting the assignment to and assumption by Buyer of the Purchased Assets;

- (vi) assignments and assumption agreements (the “**Intellectual Property Assignments**”) duly executed by Seller, transferring all of Seller's right, title and interest in and to any trademark registrations and applications, patents and patent applications, copyright registrations and applications, domain name registrations or other intellectual property included in the Purchased Assets to Buyer;
- (vii) a transition services agreement (the “**Transition Services Agreement**”) duly executed by Seller substantially in the form attached hereto as Schedule 7.1(d)(vii);
- (viii) non-competition and non-solicitation agreements in favor of Buyer duly executed by each of Seller and its members, including *[Redacted – Privacy – Personal Information]*, and *[Redacted – Privacy – Personal Information]*, in the form mutually agreed to by Buyer, Seller, *[Redacted – Privacy – Personal Information]* and *[Redacted – Privacy – Personal Information]*;
- (ix) copies of all consents, approvals, waivers and authorizations referred to in Section 4.1(b) of the Disclosure Schedules;
- (x) a no-interest letter executed by The Commerce Bank of Washington, N.A.;
- (xi) a release in favour of Buyer substantially in the form set out in Schedule 7.1(d)(xi) from *[Redacted – Privacy – Personal Information]*;
- (xii) duly executed counterpart to the Employment Agreement signed by *[Redacted – Privacy – Personal Information]*;
- (xiii) duly executed waiver of Seller's obligations and the rights of the counterparty to the employment agreement dated January 1, 2016 between *[Redacted – Privacy – Personal Information]* and Seller (or other evidence satisfactory to Buyer);
- (xiv) Tax clearance certificates, as available, in the exercise of reasonable commercial diligence by Seller, from the taxing authorities in the jurisdictions that impose taxes on Seller or where Seller has a duty to file Tax Returns in connection with the transactions contemplated by this Agreement and evidence of the payment in full or other satisfaction of any Taxes owed by Seller in those jurisdictions;
- (xv) a direction contemplated in Section 3.1(a) and acknowledgements by any proposed recipients of funds under such direction regarding same in a form satisfactory to Buyer;
- (xvi) a direction contemplated in Section 3.1(a) and acknowledgements by any proposed recipients of the Closing Shares under such direction regarding same in a form satisfactory to Buyer;

- (xvii) a duly executed subordination and postponement agreement from Seller;
 - (xviii) a duly executed Lock-up Agreement signed by Seller; and
 - (xix) such other customary instruments of transfer, assumption, filings or documents, as may be required to give effect to this Agreement.
- (e) **No Legal Action.** No action or proceeding will be pending or threatened by any Person (other than Buyer) in any jurisdiction, and no order or notice will have been made, issued or delivered by any Governmental Authority, seeking to enjoin, restrict or prohibit, or enjoining, restricting or prohibiting, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any temporary or permanent terms or conditions on the transactions contemplated by this Agreement, the Business or the business of Buyer including requiring that any assets or shares be held separate or divested or requiring any form of behavioral or other remedy or otherwise limiting the right of Buyer to conduct its business or the Business after Closing on substantially the same basis as heretofore operated.
- (f) **Sales Rental Agreement.** The sales rental agreement dated March 1, 2018 between Buyer and Seller shall have terminated as of the Closing Date.

Section 7.2 Conditions for the Benefit of the Seller.

The purchase and sale of the Purchased Assets is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of Seller and may be waived, in whole or in part, by Seller in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of Buyer contained in this Agreement were true and correct as of the date of this Agreement and are true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and Buyer shall have executed and delivered a certificate of Buyer executed by a senior officer on behalf of Buyer to that effect. Upon delivery of such certificate, the representations and warranties of Buyer in Article 6 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (b) **Performance of Covenants.** Buyer shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it at or prior to Closing and Buyer shall have executed and delivered a certificate of a senior officer to that effect.
- (c) **Deliveries.** Buyer shall deliver or cause to be delivered to Sellers the following in form and substance satisfactory to Seller acting reasonably:
 - (i) a certificate of the Secretary or Assistant Secretary (or equivalent officer) of Buyer certifying as to (A) the resolutions of the board of directors of

Buyer, duly adopted and in effect, which authorize the execution, delivery and performance of this Agreement and the transactions contemplated hereby, and (B) the names and signatures of the officers of Buyer authorized to sign this Agreement and the Transaction Documents to be delivered hereunder;

- (ii) the certificates referred to in Section 7.2(a) and Section 7.2(b);
 - (iii) the Transition Services Agreement executed by Buyer;
 - (iv) the Assignment and Assumption Agreement duly executed by Buyer;
 - (v) the Intellectual Property Assignments duly executed by Buyer;
 - (vi) the Employment Agreement duly executed by Buyer;
 - (vii) copies of all consents and authorizations referred to in Section 5.1(b) of the Disclosure Schedules;
 - (viii) a duly executed limited recourse guarantee from Parent in favour of Seller;
 - (ix) a duly executed general security agreement from Buyer in favour of Seller;
 - (x) a duly executed Lock-up Agreement signed by Buyer and Parent;
 - (xi) a duly executed reseller permit; and
 - (xii) payment of a portion of the Aggregate Purchase Price, plus all applicable sales taxes, in accordance with Section 2.4(c).
- (d) **No Legal Action.** No action or proceeding shall be pending or threatened by any Person (other than Seller) in any jurisdiction, and no order or notice will have been made, issued or delivered by any Governmental Authority, seeking to enjoin, restrict or prohibit, or enjoining, restricting or prohibiting, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any temporary or permanent terms or conditions on the transactions contemplated by this Agreement.

ARTICLE 8 CLOSING

Section 8.1 Date, Time and Place of Closing.

Unless the parties agree otherwise, the completion of the transaction of purchase and sale contemplated by this Agreement (the “**Closing**”) shall take place, effective at 12:01 a.m. (Toronto time) (the “**Effective Time**”), on October 1, 2018 (the “**Closing Date**”) by exchange of

executed documents in portable document format (PDF), DocuSign or similar electronic format. The Closing shall be deemed to have taken place in the state of Washington.

Section 8.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant party of the conditions of closing, on the Closing Date, Seller shall deliver actual possession of the Purchased Assets and the instruments of conveyance described in Section 7.1 and upon such deliveries Buyer shall pay or satisfy a portion of the Aggregate Purchase Price in accordance with Section 3.1. The transfer of possession of the Purchased Assets shall be deemed to take effect at the Effective Time.

Section 8.3 Non-Assigned Contracts.

In the event that (i) there are any Assigned Contracts which are not assignable in whole or in part without the consent, approval or waiver of another party or parties to them, and (ii) such consents, approvals or waivers have not yet been obtained as of the Closing Date on terms satisfactory to Buyer, acting reasonably, then:

- (a) nothing in this Agreement will be construed as an assignment of any such Assigned Contracts (the “**Non-assigned Contracts**”);
- (b) the parties will take all actions described in Section 11.4; and
- (c) once the consent, approval or waiver to the assignment of a Non-assigned Contract is obtained, such Non-assigned Contract is deemed to be assigned to Buyer and Buyer is deemed to assume the obligations under such Non-assigned Contract.

**ARTICLE 9
TERMINATION**

Section 9.1 Termination Rights.

This Agreement may, by notice in writing given prior to or on the Closing Date, be terminated:

- (a) by mutual consent of Seller and Buyer;
- (b) by Buyer if any of the conditions in Section 7.1 have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the Closing Date and Buyer has not waived such condition at or prior to Closing;
- (c) by Seller if any of the conditions in Section 7.2 have not been satisfied or it becomes reasonably apparent that any of such conditions will not be satisfied by the Closing Date and Seller has not waived such condition at or prior to Closing;
or
- (d) by either Buyer or Seller if there has been a material breach of any provision of this Agreement by either Buyer or Seller, as applicable, and where such breach is

capable of being cured prior to the Closing Date, has not been waived by the non-breaching Party.

Section 9.2 Effect of Termination.

Seller's right of termination under this Article 9 and/or Buyer's rights of termination under this Article 9 are in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination by a party will not constitute an election of remedies. If this Agreement is terminated pursuant to this Article 9, this Agreement will be of no further force or effect; provided, however, that (i) this Section 9.2, Article 10 and Article 13 will survive the termination of this Agreement, and (ii) the termination of this Agreement will not relieve any party from any liability for any breach of this Agreement occurring prior to termination.

Section 9.3 Termination Fee.

- (1) If this Agreement is terminated by Seller pursuant to Section 9.1(c) due to Section 7.2(c)(xii) not being satisfied or it becoming reasonably apparent such condition will not be satisfied by the Closing Date, then Buyer shall pay to Seller within two Business Days of the termination of this Agreement an amount, in aggregate and without duplication, equal to what Seller is owed under the sales force agreement (the "**Termination Fee**") in immediately available funds to an account designated by Seller.
- (2) In the event that Seller shall receive full payment pursuant to Section 9.3(1), none of Seller or any of its subsidiaries, affiliates or equityholders or any other person, shall be entitled to recover individually or in the aggregate any amount in excess of the Termination Fee or bring or maintain any claim, action or proceeding against Buyer, Parent or any of their respective subsidiaries, affiliates or equityholders or any other person, arising out of or in connection with this Agreement, any of the transactions contemplated hereby or any matters forming the basis for such termination.

ARTICLE 10 INDEMNIFICATION

Section 10.1 Survival.

All representations, warranties, covenants and agreements contained herein and all related rights to indemnification shall survive the Closing.

Section 10.2 Indemnification by Seller.

Seller shall defend, indemnify and hold harmless Buyer, its Affiliates and their respective stockholders, directors, officers and employees from and against all claims, judgments, damages, liabilities, settlements, losses, costs and expenses, including attorneys' fees and disbursements ("**Damages**"), arising from or relating to:

- (a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement or any document to be delivered hereunder;
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement or any document to be delivered hereunder;
- (c) any Excluded Liabilities; or
- (d) the operation of the Business prior to Closing.

Section 10.3 Indemnification by Buyer.

Subject to the limitation contained herein, Buyer shall defend, indemnify and hold harmless Seller, its Affiliates from and against all losses arising out of:

- (a) any Assumed Liabilities;
- (b) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement or any document to be delivered hereunder;
- (c) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement or any document to be delivered hereunder; or
- (d) the operation of the Business following Closing,

provided, however, that, in each case, Buyer shall not be required to indemnify Seller against any such losses where such losses arise from, relate to or are caused by any action or omission of Seller.

Section 10.4 Limitations on Indemnification.

- (1) Seller has no obligation to make any payment for Damages for indemnification or otherwise with respect to the matters described in Section 10.2(a) with respect to Non-Fundamental Representations until the total of all Damages with respect to such matters exceed \$5,000 (the “**Threshold**”), and then only for the amount by which such Damages exceed the Threshold up to a maximum amount of 25% of the Aggregate Purchase Price.
- (2) Seller has no obligation to make any payment for Damages for indemnification or otherwise with respect to the matters described in Section 10.2(a) with respect to Fundamental Representations until the total of all Damages with respect to such matters exceed the Threshold, and then only for the amount by which such Damages exceed the Threshold up to a maximum amount of 100% of the Aggregate Purchase Price.
- (3) Notwithstanding any other provisions of this Agreement, Seller shall be liable for all Damages, and Buyer may exercise any remedies for any Damages, arising out of, relating to, in connection with or otherwise involving, (i) Schedule 4.1(f) of the Disclosure Schedules for the period prior to the Closing Date, regardless of whether

such claim for Damages arises prior to or following the Closing Date, (ii) Schedule 4.1(p) of the Disclosure Schedules for the period prior to the Closing Date, regardless of whether such claim for Damages arises prior to or following the Closing Date or (iii) fraud or fraudulent misrepresentation, willful misconduct or gross negligence of Seller. For greater certainty, the Threshold shall not apply to any liability for Damages pursuant to this Section 10.4(3). Notwithstanding Section 4.2, there shall be no limitation period for a claim arising out of, relating to, in connection with or otherwise involving matters identified on Schedule 4.1(f) of the Disclosure Schedules or Schedule 4.1(p) of the Disclosure Schedules.

Section 10.5 Indemnification Procedures.

Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the “**Indemnified Party**”) shall promptly provide written notice of such claim to the other party (the “**Indemnifying Party**”). In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a Person or entity who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including, but not limited to, settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party’s prior written consent (which consent shall not be unreasonably withheld or delayed).

Section 10.6 Tax Treatment of Indemnification Payments.

All indemnification payments made by Seller under this Agreement shall be treated by the parties as an adjustment to the Aggregate Purchase Price for Tax purposes, unless otherwise required by Law.

Section 10.7 Cumulative Remedies.

The rights and remedies provided in this Article 10 are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

Section 10.8 Right to Set-Off.

Notwithstanding any other provision in this Agreement, Buyer shall have the right to set-off, on a dollar-for-dollar basis, any indemnity claims made by Buyer against Seller pursuant to this Article 10 and, specifically, any claims for breach of warranties and representations under Article 4, against any Earn-Out Amount and/or Lock-up Shares owing at such time and

any amounts owing and then outstanding under the Promissory Note. The right to set-off in this Section 10.8 shall only apply to the extent that the claim forming the basis for such set-off has been fully adjudicated in accordance with Section 10.10.

Section 10.9 Indemnification Disputes.

Buyer shall not be obligated to pay to Seller any disputed amounts pursuant to a claim for indemnification under Article 10 while the claim forming the basis for such payment is being adjudicated in accordance with Section 10.10. With respect to the Promissory Note, Buyer has the right to segregate and put into escrow with a third party escrow agent mutually agreed to by the parties any disputed amounts which are due and payable on the Promissory Note; provided that the maturity date of the Promissory Note is less than 90 days from Seller's receipt of notice of such dispute. To the extent that Seller prevails pursuant to Section 10.8, such disputed amounts shall be immediately released to Seller.

Section 10.10 Dispute Resolution.

Any dispute arising out of Section 10.8 of this Agreement (a "**Dispute**") will be resolved first by mediation as provided in by Section 10.11 and, if not resolved, then by arbitration as provided in Section 10.12.

Section 10.11 Mediation.

- (1) Any dispute arising under or in connection with any indemnity claims made by Buyer against Seller pursuant to this Article 10 or any claims for breach of warranties and representations under Article 4 and which cannot be amicably resolved between the parties within twenty one (21) days of notice of such dispute being served on the other party, then the parties agree that, prior to and as a condition precedent to the commencement of any arbitration against the other, the parties shall submit such dispute to non-binding mediation with the assistance of an experienced mediator. The parties shall each designate a representative with full settlement authority who shall participate for at least four (4) hours in the mediation. The parties shall bear equally all expenses associated with the mediation, except that each shall bear its own attorneys' fees.
- (2) All disputes arising under or in connection with any indemnity claims made by Buyer against Seller pursuant to this Article 10 or any claims for breach of warranties and representations under Article 4 that are not resolved by agreement (in mediation or otherwise) shall be determined by binding, confidential arbitration as provided in Section 10.12.

Section 10.12 Arbitration.

- (1) A party commences arbitration in respect of a Dispute by delivering to the other party and to the American Arbitration Association (AAA) a written notice of arbitration. The Dispute will be arbitrated and resolved under the American Arbitration Association (AAA) Commercial Arbitration Rules with Expedited Procedures.

- (2) The place of arbitration will be Seattle, Washington, the language of the arbitration will be English and there will be one arbitrator.
- (3) The arbitration will be kept confidential and the existence of the proceeding and any element of it (including any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions and any awards) will not be disclosed beyond the arbitrators, the parties, their counsel and any person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration or otherwise or as may be required by Law.
- (4) This arbitration provision will be governed by and interpreted and enforced in accordance with the laws of the State of Washington.
- (5) A party to a Dispute may, at any time, make an offer to the other party to the Dispute to settle all or any part of the Dispute. Any offer to settle is deemed to be an offer of compromise made in confidence and without prejudice. The fact that an offer to settle has been made will not be communicated to the arbitrator until the arbitrator has made a final determination of all aspects of the Dispute other than costs. If an offer to settle is not accepted and the arbitration award is no more favourable to the party to which the offer was made, the party making the offer is entitled to all of its arbitration and legal costs in connection with the arbitration in respect of the period from the date the offer to settle was made to the making of the arbitration award.

ARTICLE 11 POST-CLOSING COVENANTS

Section 11.1 Further Assurances.

From time to time after the Closing Date, each party will, at the request of the other party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively transfer the Purchased Assets to Buyer and carry out the intent of this Agreement.

Section 11.2 Tax Filings.

All transfer, documentary, sales, use, stamp, registration, value added and other such taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Transaction Documents to be delivered hereunder shall be borne and paid by Seller when due. Seller shall, at its own expense, timely file any tax return or other document with respect to such taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

Section 11.3 Regulatory.

Promptly following Closing, Seller shall (i) make all filings with, give all notices to, and obtain all Authorizations from the Food and Drug Administration that are necessary for the lawful completion of the transactions contemplated by this Agreement, and (ii) perform all actions reasonably necessary to record the assignment of the Purchased IP set out in Schedule 1.1 of the Disclosure Schedules with the U.S. intellectual property office as well as take all other

action as reasonably necessary or advisable or as required by law in order to effect the transfer and assignment of the Intellectual Property to Buyer with the U.S. intellectual property office.

Section 11.4 Full Benefit of Assigned Contracts.

In order that Buyer may realize the full benefit of the Assigned Contracts and the Non-assigned Contracts:

- (a) Seller will continue to use its best efforts commencing on the date hereof and during the 12 month period following the Closing Date to obtain the consents, approvals and waivers that are required to assign the Non-assigned Contracts to Buyer, on terms satisfactory to Buyer, acting reasonably, and Buyer will use its best efforts to support Seller in obtaining such consents, approvals and waivers during the 12 month period following the Closing Date;
- (b) Seller will hold the Non-assigned Contracts in trust for the benefit of Buyer until the earlier of (i) the date the consents, approvals or waivers required under such Non-assigned Contracts are obtained and (ii) the expiry of the term of such Non-assigned Contracts;
- (c) Seller will, at the request, expense and direction of Buyer and in the name of Seller or otherwise as Buyer may specify, take all reasonable best efforts action and do or cause to be done all things that are, in the opinion of Buyer, necessary or proper in order that the obligations of Seller may be performed in such a manner that the value of the Assigned Contracts and Non-assigned Contracts are preserved to the extent possible and enure to the benefit of Buyer, and that the collection of moneys due and payable to Buyer in and under the Assigned Contracts and Non-assigned Contracts are received by Buyer;
- (d) Seller will not terminate, extend, renew or otherwise modify the Non-assigned Contracts, unless as requested by Buyer, until the earlier of (i) the date the consents, approvals or waivers required under such Non-assigned Contracts are obtained and (ii) the expiry of the term of such Non-assigned Contracts; and
- (e) Seller will promptly pay over to Buyer, and hereby indemnifies Buyer in respect of, all moneys collected by or paid to Seller in respect of every Assigned Contract and Non-assigned Contract.

**ARTICLE 12
EMPLOYEES**

Section 12.1 Employees.

- (1) Subject to the Closing, the Transition Services Agreement and the terms of this Article 12, Buyer agrees to offer employment effective as of the Closing Date on the terms agreed to by Buyer and Seller to all of the individuals listed in Section 12.1(1) of the Disclosure Schedules (the “**Designated Employees**”).

- (2) Seller shall not attempt in any way to discourage Designated Employees from accepting the offer of employment made by Buyer.
- (3) In this Agreement, “**Transferred Employees**” means those Designated Employees who have accepted Buyer’s offer of employment made pursuant to this Section 12.1 and “**Employee Start Date**” means the Closing Date or such later date on which a Transferred Employee commences active employment with Buyer.

Section 12.2 Employee Liability.

Except as set forth in Section 2.3, Buyer shall not assume any of Seller’s Employee Benefit Plans or supplemental unemployment benefit, pension, retirement, savings, medical, dental, disability or similar plans or arrangements (the “**Employee Plans**”) or liability for accrued benefits or any other liability under or in respect of any Employee Plans. The Transferred Employees shall, as of their applicable Employee Start Date, cease to accrue further benefits under such plans. Buyer agrees that it shall permit the Transferred Employees to participate in benefit plans sponsored by Buyer (such plans to be called the “**Replacement Plans**”). Buyer shall cause each Replacement Plan to recognize the prior service of the Transferred Employee rendered to Seller for purposes of eligibility to participate, vesting and entitlement to benefits under such Replacement Plans but not for the purpose of benefit accrual. Subject to any third party consent that may be required, Buyer shall, (i) waive all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Transferred Employees under any Replacement Plans except and only to the extent that any Transferred Employees were subject to such pre-existing conditions, exclusions and waiting periods under the Employee Plans and (ii) provide each Transferred Employee with credit for any co-payments and deductibles paid prior to the applicable Employee Start Date (in the calendar year of such start date) in satisfying any applicable deductible or out of pocket requirements under any Replacement Plans.

Section 12.3 Employee Liability.

- (1) Without limiting Seller’s obligations in respect of persons employed in the Business prior to the Closing Date, Seller shall be responsible for:
 - (a) all liabilities for salary, wages, bonuses, commissions, vacation pay and other compensation relating to employment of all persons in the Business prior to the Closing Date and all liabilities under or in respect of the Employee Plans;
 - (b) all severance payments, damages for wrongful dismissal and all related costs, including without limitation, any liabilities under the *Worker Adjustment and Retraining Notification Act* and any similar Washington state law, in respect of the termination by Seller of the employment of any Designated Employee who does not become a Transferred Employee;
 - (c) all liabilities for claims for injury, disability, death or workers’ compensation arising from or related to employment in the Business prior to the Closing Date; and

- (d) all employment-related claims, penalties and assessments in respect of the Business arising out of matters which occurred prior to the Closing Date.
- (2) Without limiting Buyer's obligations in respect of the Transferred Employees, on and after the Closing Date Buyer shall be responsible for:
- (a) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of all Transferred Employees on and after the applicable Employee Start Date and all liabilities under or in respect of the Replacement Plans;
 - (b) all severance payments for voluntary dismissal and all related costs with respect to the termination by Seller of the employment of *[Redacted - Privacy - Personal Information]*, such severance payment and related costs not to exceed \$250,000;
 - (c) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by Buyer of the employment of any Transferred Employee;
 - (d) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Transferred Employees in the Business; and
 - (e) all employment-related claims, penalties and assessments in respect of the Business arising out of matters which occur on or subsequent to the Closing Date.
- (3) For purposes of Section 12.3(1)(c) and Section 12.3(2)(d), the date on which a benefit claim is incurred will be:
- (a) in the case of a death claim, the date of death;
 - (b) in the case of a short term disability claim, long term disability claim or a life insurance premium waiver claim, the date of the first incidence of disability, illness, injury or disease that first qualifies an individual for benefits or to commence a qualifying period for benefits;
 - (c) in the case of extended health care benefits, including, without limitation, dental and medical treatments, the date of treatment or the date of purchase of eligible medical or dental supplies; and
 - (d) in the case of a claim for drug or vision benefits, the date the prescription was filled.

Section 12.4 Sale of Shares. Seller shall have the right to sell Lock-up Shares only in accordance with the Lock-up Agreement and applicable securities laws.

**ARTICLE 13
MISCELLANEOUS**

Section 13.1 Expenses.

All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 13.2 Notices.

All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 13.2):

If to Seller:

Cenorin, LLC
South 199th Place, Unit 107
Kent, WA USA 98032

E-mail: *[Redacted – Privacy – Contact
Information]*

Attention: *[Redacted – Privacy –
Information],*
Chief Executive Officer

If to Buyer:

Covalon Technologies AG Ltd.
1660 Tech Avenue, Unit 5
Mississauga, ON L4W 5S7

E-mail: *[Redacted – Privacy – Contact
Information]*

Attention: *[Redacted – Privacy –
Information],*
Chief Executive Officer

Section 13.3 Headings.

The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 13.4 Currency.

All references in this Agreement to “dollars” or to “\$” are expressed in United States currency unless otherwise specifically indicated.

Section 13.5 Severability.

If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 13.6 Entire Agreement.

This Agreement, together with the Sales Rental Agreement, the non-disclosure agreement dated August 2, 2017 entered into by Seller and Buyer (the “**Non-Disclosure Agreement**”) and the Transaction Documents to be delivered hereunder, constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement, the Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the Sales Rental Agreement, Non-Disclosure Agreement and the Transaction Documents to be delivered hereunder, the statements in the body of this Agreement will control.

Section 13.7 Successors and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 13.8 No Third-Party Beneficiaries.

Except as provided in Article 10, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 13.9 Amendment and Modification.

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto.

Section 13.10 Non-Recourse.

This Agreement may only be enforced against, and any claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against, the entities (or their respective successors and permitted assigns) that are expressly identified as parties. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, lender, agent, attorney or representative of Seller or any of their respective Affiliates shall have any liability for any obligations or liabilities of Seller under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby, except in the event of fraud or willful misconduct. Without limitation of the foregoing, it is acknowledged that certain proceeds from the transactions contemplated by this Agreement will be distributed directly at Closing by the terms of this Agreement, or after Closing by Seller, to Seller's secured lenders, and that no clawback, indemnity or similar rights shall attach to the proceeds distributed to such secured lenders in any instance.

Section 13.11 Waiver.

No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 13.12 Governing Law.

- (1) This Agreement is governed by and will be interpreted and construed in accordance with the laws of the State of Washington.
- (2) EXCEPT IN CONNECTION WITH ANY THIRD PARTY CLAIM BROUGHT AGAINST AN INDEMNIFIED PERSON, ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (OTHER DISPUTES WITH RESPECT TO MATTERS GOVERNED BY SECTION 3.4 (WHICH ITEMS SHALL BE RESOLVED SOLELY IN ACCORDANCE WITH THE DISPUTE RESOLUTION PROCEDURES SET FORTH THEREIN; PROVIDED, THAT A PARTY HERETO MAY SEEK TO HAVE A JUDGMENT ENTERED TO ENFORCE THE DETERMINATIONS OF THE INDEPENDENT ACCOUNTANTS IN ANY COURT HAVING JURISDICTION OVER THE PARTY AGAINST WHICH SUCH DETERMINATIONS ARE TO BE ENFORCED AND DISPUTES WHEREBY BUYER SEEKS A RIGHT TO SET-OFF PURSUANT TO SECTION 10.8 WHICH SHALL BE RESOLVED IN ACCORDANCE WITH SECTION 10.11 AND SECTION 10.12)) WILL BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED WITHIN THE WESTERN DISTRICT OF WASHINGTON OR THE STATE COURTS LOCATED IN

KING COUNTY, WASHINGTON, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

Section 13.13 Prevailing Party.

In the event of any dispute arising from or relating to this Agreement, the prevailing party in such dispute, following any final judgement or order and the conclusion of any appeals thereto, shall be entitled to recover his or her attorneys' fees and related expenses incurred in connection with such dispute from the other party.

Section 13.14 Specific Performance.

The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 13.15 No Fractional Shares.

The parties hereby acknowledge that notwithstanding anything herein to the contrary, Parent shall not be required to issue any fractional common shares or to distribute share certificates which evidence any fractional common shares, and any fractional amounts shall be rounded up to the next nearest whole number.

Section 13.16 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

CENORIN, LLC

(signed) *"Richard Radford"*

Authorized Signing Officer

COVALON TECHNOLOGIES AG LTD.

(signed) *"Brian Pedlar"*

Authorized Signing Officer

Schedule 2.1 Purchased Assets

- **Machinery, Equipment and Supplies.** All machinery, equipment, technology and communications hardware and infrastructure, furniture, furnishings and accessories, parts and supplies of all kinds including office supplies, owned by Seller and used in connection with the Business, including those listed and described in Schedule 2.1 of the Disclosure Schedules.
- **Inventories.** All inventories of the Business (the “**Inventories**”), including (i) finished goods, work in process, raw materials and new and unused production, packing and shipping supplies, (ii) all other materials and supplies on hand to be used or consumed or which might be used or consumed in connection with the manufacture, packing or shipping or finished goods of the Business and (iii) those listed and described in Schedule 2.1 of the Disclosure Schedules.
- **Accounts Receivable.** All accounts receivable, notes receivable and other debts due or accruing due to Seller in connection with the Business (the “**Accounts Receivable**”) and the full benefit of all security for the Accounts Receivable, including those listed and described in Schedule 2.1 of the Disclosure Schedules.
- **Prepaid Expenses.** All prepaid expenses of the Business, including those listed and described in Schedule 2.1 of the Disclosure Schedules.
- **Contracts.** The full benefit of all customer and other contracts, and unwritten commitments or agreements pertaining to the Business to which Seller is a party listed and described in Schedule 2.1 of the Disclosure Schedules (collectively, the “**Purchased Contracts**”).
- **Permits and Authorizations.** All Licenses, permits, and authorizations owned, held or used by Seller in connection with the Business to the extent that they are transferable, including those listed and described in Schedule 2.1 of the Disclosure Schedules.
- **Intellectual Property.** All right, title and interest of Seller in and to the Intellectual Property owned by or licensed to Seller or used by Seller in connection with the Business, including without limitation, the Intellectual Property listed and described in Schedule 2.1 of the Disclosure Schedules.
- **Books and Records.** Copies of all books, records and information in any form relating to the Business for the one year period prior to the Closing Date, including books of account, financial and accounting information and records, personnel records, tax records, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections, marketing and advertising materials and all other documents, files, correspondence and other information, but excluding all Tax returns pertaining to corporate income Taxes of Seller relating to the Business. Notwithstanding the foregoing, Seller shall retain copies of all other books, records and information in any

form relating to the Business that exist, from a period outside of the one year period prior to the Closing Date, for a period of 7 years from the Closing Date. Buyer shall have the reasonable right to inspect and make copies (at its own expense) of them upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of Seller.

- **Claims.** All claims of Seller relating to the Business or the Purchased Assets, whether choate or inchoate, known or unknown, contingent or otherwise.
- **Goodwill.** The goodwill and intangibles not included above of the Business.
- **Other.** All other properties (tangible and intangible), transferrable assets and information necessary or used in the operation of the Purchased Assets, including all telephone numbers, fax numbers and addresses of customers, vendors and other related parties of the Business and those listed and described in Schedule 2.1 of the Disclosure Schedules.

Schedule 2.2(1)
Excluded Assets

- all assets in connection with the non-AG business of Seller and/or its Affiliates.
- all cash and cash equivalents.
- the minute books and corporate records of the Business.
- income tax refunds and other tax refunds receivable by Seller in respect of the Business and all tax returns pertaining to corporate income taxes of Seller in respect of the Business.

Schedule 2.2(2)
Shared Assets

- **Shared Assets.** All shared assets as listed and described in Schedule 2.1 of the Disclosure Schedules.

Schedule 3.1(d)
Deferred Consideration

Payment Date	Deferred Consideration
First Anniversary of Closing	\$2,552,300
Second Anniversary of Closing	\$5,000,000
Total	\$7,552,300

Exhibit A
Form of Promissory Note

See attached.

COVALON TECHNOLOGIES AG LTD.

PROMISSORY NOTE

Principal Amount: USD \$7,552,300

Issued: ●, 2018

Reference is made to the asset purchase agreement dated September __, 2018 (the "**Purchase Agreement**") between Covalon Technologies AG Ltd. (the "**Borrower**") and Cenorin, LLC (the "**Lender**"). This promissory note (this "**Note**") is the "Promissory Note" referred to in the Purchase Agreement. Capitalized terms not defined in this Note have the meanings as ascribed to them in the Purchase Agreement.

WHEREAS it is a condition precedent that the Borrower execute and deliver a general security agreement in favour of the Lender as security for the payment and performance of the Borrower's obligations under this Note (the "**Security**"), such general security agreement is in the form set forth in Schedule "A" hereto;

AND WHEREAS the Security granted pursuant to this Note is subject to a subordination agreement between the Lender and HSBC Bank Canada, such subordination agreement is in the form set forth in Schedule "B" hereto;

AND WHEREAS it is a condition precedent that Covalon Technologies Ltd., as parent to the Borrower, execute and deliver a guarantee in favor of the Lender in respect of the indebtedness of the Borrower evidenced by this Note, such guarantee in the form set forth in Schedule "C" hereto.

NOW THEREFORE the Borrower agrees as follows:

1. The Principal Amount remaining from time to time unpaid and outstanding shall not bear interest.
2. The Borrower shall have the right and privilege of prepaying the whole or any portion of the Principal Amount of this Note from time to time remaining unpaid and outstanding at any time or times without penalty.
3. The recording by the Lender in its accounts of principal amounts owing by the Borrower and repayments shall, in the absence of manifest mathematical error, be prima facie evidence of the same; provided that the failure of the Lender to record the same shall not affect the obligation of the Borrower to pay such amounts to the Lender.
4. The Borrower and all endorsers of this Note waive presentment for payment and notice of non-payment and agree and consent to all extensions or renewals of this Note without notice.
5. The Borrower shall repay the Principal Amount outstanding on the relevant Repayment Date (as defined below) as follows:

- a. On the first anniversary of the closing date (the “**First Repayment Date**”), \$2,552,300 with no interest (the “**First Repayment**”).
 - b. On the second anniversary of the closing date (the “**Second Repayment Date**”), \$5,000,000 with no interest (the “**Second Repayment**”).
6. On the relevant Repayment Date, the Principal Amount shall be decreased by the First Repayment and the Second Repayment, as the case may be.
7. The Indemnified Persons shall have the right to satisfy any amount from time to time owing by any of them to the Lender by way of set-off against any amount from time to time owing by the Lender to the Indemnified Persons, including any amount owing to the Indemnified Persons pursuant to the Lender’s indemnification provision pursuant to Section 10.2 of the Purchase Agreement and any amount owing to the Lender under this Note.
8. This Agreement is governed by and will be interpreted and construed in accordance with the laws of the State of Washington.
9. EXCEPT IN CONNECTION WITH ANY THIRD PARTY CLAIM BROUGHT AGAINST AN INDEMNIFIED PERSON, ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (OTHER DISPUTES WITH RESPECT TO MATTERS GOVERNED BY SECTION 3.4 OF THE PURCHASE AGREEMENT (WHICH ITEMS SHALL BE RESOLVED SOLELY IN ACCORDANCE WITH THE DISPUTE RESOLUTION PROCEDURES SET FORTH THEREIN; PROVIDED, THAT A PARTY HERETO MAY SEEK TO HAVE A JUDGMENT ENTERED TO ENFORCE THE DETERMINATIONS OF THE INDEPENDENT ACCOUNTANTS IN ANY COURT HAVING JURISDICTION OVER THE PARTY AGAINST WHICH SUCH DETERMINATIONS ARE TO BE ENFORCED)) WILL BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED WITHIN THE WESTERN DISTRICT OF WASHINGTON OR THE STATE COURTS LOCATED IN KING COUNTY, WASHINGTON, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY’S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF the Borrower has executed this Note.

COVALON TECHNOLOGIES AG LTD.

By: _____
Authorized Signing Officer

Schedule 3.1(e)
Calculation of and Entitlement to Earn-Out Amount

- A. Calculation of and Entitlement to Earn-Out Amount:
1. Subject to the terms and conditions set forth below, Buyer shall make a cash payment equal to the dollar amount derived from Section 1(a) below, if any, to which Seller is entitled by wire transfer of immediately available funds to Seller or as Seller may direct within 90 days of the date of delivery of the financial statements of the Business for the fiscal year ended December 31, 2018:
 - (a) The Earn-Out Amount shall be equal to the Earn-Out Revenue less the Base Revenue for up to a maximum amount of \$900,000.
 - (b) the “**Base Revenue**” for purposes of calculating the Earn-Out Amount shall be *[Redacted – Commercially Sensitive Information – Base Revenue]*, which amount represents the aggregate gross revenue that has been generated from products of the Business sold in the United States by the sales force of the Business shown on the financial statements of the Business for the year-ended December 31, 2017.
 - (c) the “**Earn-Out Revenue**” for purposes of calculating the Earn-Out Amount shall be the aggregate gross revenue that has been generated from products of the Business and the Buyer sold in the United States by the sales force of the Business who are Designated Employees, whether before or after the Closing Date, during the one-year period from January 1, 2018 to December 31, 2018 as shown on the financial statements of the Business for the year-ended December 31, 2018.
 - (d) For greater certainty, if Earn-Out Revenue is less than the Base Revenue, the Earn-Out Payment shall not be payable.
 - (e) For the purposes of this Schedule 1.4(c), the “**Earn-Out Period**” means the period beginning on January 1, 2018 and ending on December 31, 2018.
 2. After the end of the Earn-Out Period, no further Earn-Out Amount shall be paid to Seller.

Schedule 3.2
Purchase Price Allocation

The purchase price allocation schedule will be completed by Buyer and Seller, acting in good faith, within 90 days after the Closing Date.

Schedule 3.4
Preparation of Working Capital Statement

See attached.

[Redacted – Commercially Sensitive Information – Preparation of Working Capital Statement]

Schedule 7.1(d)(vii)
Form of Transition Services Agreement

See attached.

TRANSITIONAL SERVICES AGREEMENT

This agreement (the “**Agreement**”) is dated as of ●, 2018 between Covalon Technologies AG Ltd. (“**Buyer**”) and Cenorin, LLC (“**Seller**”). Buyer and Seller are hereinafter referred to as the “**Parties**” and each a “**Party**”.

RECITALS

- A. Buyer and Seller entered into an asset purchase agreement (the “**Purchase Agreement**”) dated September ____, 2018, pursuant to which Seller agreed to sell, transfer and convey to Buyer, and Buyer agreed to purchase from Seller, all of Seller’s right, title and interest in and to the Purchased Assets (the “**Acquisition**”).
- B. In connection with, and as a condition to, the consummation of the transactions contemplated by the Purchase Agreement, Seller has agreed to provide to Buyer certain transition services to facilitate the transition of the ownership of the Purchased Assets on the terms and conditions set forth herein.
- C. The intention of this Agreement is to provide guidance, structure, identify responsibilities, timelines and desired outcomes to give effect to an orderly transition of the ownership of the Purchased Assets, the use of the Shared Assets and the operations of the AquaGuard business to Buyer with as minimal disruption to either Party’s continuing business as is reasonable. The transitional services identified in this Agreement are anticipated to be provided by Seller to Buyer, and to the extent required, by Buyer to Seller, as required to help facilitate the continued operations of each of Buyer’s and Seller’s businesses during the Transition Period.
- D. Capitalized terms used herein, not otherwise defined, have the meaning ascribed to such terms in the Purchase Agreement.

FOR VALUE RECEIVED, the Parties hereto agree as follows:

SECTION 1 – TERM

1.1 Term

The term of this Agreement shall commence as of the date hereof and shall continue for a period of twelve months after the date hereof (the “**Transition Period**”), unless terminated earlier pursuant to Section 4.1 of this Agreement or extended by the written agreement of the Parties. Buyer and Seller may, by agreement in writing, terminate the provision of any or all of the Services in whole or in part at any time in accordance with Section 4.1.

1.2 Contract Modifications for Prospective Legal Events.

In the event any state or federal laws or regulations, now existing or enacted or promulgated after the date of this Agreement, are interpreted by judicial decision, a regulatory

agency or legal counsel of both of the Parties in such a manner as to indicate that the structure of this Agreement may be in violation of such laws or regulations, Seller and Buyer shall amend this Agreement, as necessary to fully comply with such laws or regulations while preserving the underlying economic and financial arrangements between the Parties, if and to the extent possible.

SECTION 2 - SERVICES

2.1 Services

- (1) After the Closing Date, Seller agrees to provide the services set forth in Schedule "A" (collectively, the "**Services**") to Buyer for the respective periods and on the other terms and conditions set forth in this Agreement and in accordance with Schedule "A".
- (2) Seller further agrees to promptly respond to written requests by Buyer to provide any additional Services not currently identified on Schedule "A" (and not ancillary thereto) that may subsequently be determined to be reasonably required during the Transition Period, for an additional fee to be agreed to between the Parties, but otherwise on the same terms and conditions as set forth herein. Any such additional services so provided by Seller shall constitute Services under this Agreement and be subject in all respect to the provisions of this Agreement as if fully set forth as a Service in Schedule "A" as of the date hereof.

2.2 Provision of Transitional Services

- (a) Any and all fees or expenses to be paid in connection with the performance of the Services provided outside of the normal course of business hereunder shall be payable by Buyer, or reimbursed to Seller by Buyer, subject to delivery of an invoice to Buyer therefor.
- (b) Seller acknowledges receipt of good and sufficient consideration for the provision of Services, including consideration received, directly or indirectly, pursuant to the Purchase Agreement, and that no additional consideration will be paid to Seller for the provision of the Services.
- (c) Until such time that all obligations of Seller under this Agreement have expired or been terminated in accordance with the terms hereof (including, for the avoidance of doubt, any extension of Services beyond the Transition Period in accordance with Section 1.1), Seller shall maintain its corporate existence, all tax identification numbers and billing entities and numbers.

2.3 Level of Effort

- (a) Except as otherwise expressly provided in this Agreement, all Services Seller or Buyer performs pursuant to this Agreement will be provided on a reasonable best efforts basis. For purposes of this Agreement, a "**reasonable best efforts**" basis means performing, or causing to be performed, identified tasks in a professional and diligent manner to the same level or degree of involvement provided by Seller or Buyer, their respective affiliates, employees or

consultants, as the case may be, in the ordinary course of Business prior to the Closing Date and consistent with past practice.

(b) Seller may at its sole cost and expense, engage or employ agents, representatives or independent contractors in connection with the provision of the Services, and may delegate their duties as may be appropriate in the circumstances; provided that Seller shall continue to be responsible for the provision of the Services and its obligations hereunder.

(c) Each Party shall cause its employees to reasonably cooperate with employees of the other to the extent required for the effective provision of the Services hereunder. Notwithstanding the foregoing, Seller shall not be liable or responsible for the failure of Buyer's employees or any Purchaser Service Providers (hereinafter defined) or any personnel or contactors not employed, directly or indirectly, by Seller to perform their respective duties and obligations with respect to this Agreement unless such failure is directly or indirectly caused by any action or inaction reasonably required by this Agreement on the part of Seller or its employees.

2.4 Self-Help

If, whether or not Seller satisfies its obligations under Section 2.3, Seller fails to perform any Service that is required for the orderly transition of the Business to Buyer as a result of any third party refusing to provide any necessary support or services in order to enable Seller to perform such Service for reason that Seller under the Purchase Agreement, or any of their respective affiliates, failed to pay such third party any amounts due it by them, Buyer shall be entitled to pay the amount due directly to such third party on behalf of Seller or such other party. Buyer shall be entitled to set off any amount so paid by Buyer against amounts due to Seller under the Purchase Agreement.

2.5 Access

(a) Buyer may at its sole cost and expense, engage or employ agents, representatives, accountants or independent contractors (the "**Purchaser Service Providers**") to work with Seller in connection with Seller's provision of the Services. Seller, its affiliates, employees or consultants shall allow such Purchaser Service Providers free and unfettered access to the facilities, assets and books and records of Seller in all cases to the extent necessary for the Purchaser Service Providers to fulfill its obligations under this Agreement.

(b) Seller shall provide Buyer free and unfettered access to all data and technical support systems used in connection with the operations of the Business in the ordinary course consistent with past practice but only to the extent such data and systems can reasonably be segregated from the data and systems of the remainder of Seller's business. Any costs associated with the separation, migration or segregation of data, licenses, resources, equipment shall be the sole responsibility of Buyer.

(c) The foregoing provisions shall not be construed to allow the Purchaser Service Providers or Buyer access to any data, technical support, network or other systems that are not used in connection with the operations of the Business, nor shall any of the foregoing be construed to allow the Purchaser Service Providers or Buyer access to or the services of any such data,

technical support, network or other systems. During the pendency of this Agreement, Seller shall not be required to upgrade, replace, repair, supplement or change any data, technical support, network or other systems that are used in connection with the operations of the Business except upon written request of Buyer and at Buyer's sole cost and expense.

SECTION 3 - INDEPENDENT CONTRACTOR

3.1 Independent Contractor

Seller, in providing the Services, is acting as an independent contractor. Nothing in this Agreement is intended to make Seller an agent, partner, joint venturer, franchisee or legal representative of Buyer or vice-versa. Seller does not have express or implied authority to bind Buyer or the Business in any manner.

SECTION 4 - DEFAULT AND TERMINATION

4.1 Termination

(a) This Agreement may be terminated in whole, or with respect to a particular Service, as follows:

- (i) by the mutual written consent of the Parties;
- (ii) by Buyer by written notice to Seller upon any breach or default of any provision or obligation of this Agreement by Seller, effective upon the failure of Seller to cure such breach or default within 15 days after notice thereof;
- (iii) by Seller by written notice to Buyer upon any breach or default of any provision or obligation of this Agreement by Buyer, effective upon the failure of Buyer to cure such breach or default within 15 days after notice thereof; and
- (iv) by either Party by written notice to the other Party, if the other Party ceases to function as a going concern or a receiver is appointed over all or part of its assets or a petition under the *U.S. Code - Title 11 (Bankruptcy)* or equivalent governing legislation is filed by or against it.

(b) Notwithstanding the foregoing, Buyer shall have the right to terminate the provision of any of the Services upon 15 days' prior written notice to Seller, provided that Buyer shall remain responsible for any fees, expenses, out-of-pocket costs and any applicable de-coupling costs accrued with respect to Services provided up to the date of such termination. Upon Buyer terminating the provision of all of the Services contemplated herein, this Agreement shall terminate.

SECTION 5 - FORCE MAJEURE

5.1 Force Majeure.

Performance of any obligation under this Agreement may be suspended by either Party without liability to the extent that an act of God, war, fire, earthquake, explosion, governmental

expropriation, governmental law or regulation or any other occurrence beyond the reasonable control of such Party or labor trouble, strike or injunction (if such labor event is not caused by the bad faith or unreasonable conduct of such Party) delays, prevents, restricts, limits or renders commercially unfeasible the performance of this Agreement. The affected Party shall invoke this provision by promptly notifying the other Party of the nature and estimated duration of the suspension.

SECTION 6 – INDEMNIFICATION

6.1 Indemnification.

- (1) Each Party (the “**Indemnifying Party**”) shall indemnify, defend and hold harmless the other Party and their respective officers, directors, employees, agents and representatives (collectively, the “**Indemnified Parties**”) from and against any and all any loss, liability, claim, damage, expense, fine, penalty or interest (“**Damages**”) of the Indemnified Parties arising out of, resulting from or relating to a breach of this Agreement by the Indemnifying Party or its affiliates.
- (2) Except in respect of a breach of this Agreement based upon its gross negligence or willful misconduct, each Indemnifying Party has no liability or obligation for any punitive damages arising out of, resulting from or relating to a breach of this Agreement.
- (3) In determining the Damages that the Indemnified Party suffered and may recover from the Indemnifying Party in connection with this Agreement, such Damages will be net of (a) any insurance or other recoveries actually received by the Indemnifying Party in connection with the same facts, events and circumstances giving rise to the Damages, and (b) any net tax benefit realized by the Indemnifying Party arising solely from the accrual, incurrence or payment of any such Damages, taking into account the tax payable by the Indemnifying Party as a result of any payment received by it in compensation for such Damages.

6.2 Indemnification Procedures.

The matters set forth in Section 10.3 of the Purchase Agreement shall be deemed incorporated into, and made a part of, this Agreement, but with such conforming changes to defined terms as are necessary to clarify that, for purposes of this Agreement, the rights, obligations and procedures set forth therein apply in the context of the Parties to this Agreement and their obligations hereunder.

SECTION 7 – CONFIDENTIALITY

7.1 Confidentiality.

- (a) During the term of this Agreement, each Party may from time to time provide information relating to the business, operations, assets, liabilities, plans, forecasts, prospects or affairs of the Disclosing Party (as defined below), including, but not limited to, information that relates to the Disclosing Party and its officers, directors, employees, subsidiaries, affiliates,

customers, trading partners, suppliers, agents, advisors, billing records, tax returns and records, policies, financial and operational information, including all insurance records, internal memoranda, contracts or agreements executed by or on behalf of Seller with any person or entity, including, but not limited to, hospitals, medical offices and other facilities and information regarding advantageous business relationships with hospitals and other facilities; and in each case, regardless of whether such information is in oral, visual, electronic, written or other form and whether or not it is identified as 'confidential' ("**Confidential Information**"). A Party that receives Confidential Information (a "**Receiving Party**") from the other Party (a "**Disclosing Party**") shall keep confidential such Confidential Information. Without the prior written consent of the Disclosing Party, the Receiving Party, and its directors, officers, employees, agents, and advisors including accountants, counsel, lenders, advisors, consultants and financial advisors (collectively "**Representatives**") will not: (a) use the Confidential Information directly or indirectly for any purpose other than in connection with the transactions contemplated herein; (b) disclose the Confidential Information to any person other than its Representatives who need to know such Confidential Information in connection with the transactions contemplated herein, provided such Representatives are informed of the confidential nature of such Confidential Information and agree to treat such Confidential Information, as confidential in accordance with the terms of this Agreement; or (c) disclose to any person other than its Representatives who need to know such Confidential Information in connection with the transactions contemplated herein any terms, conditions or other facts relating to the transactions contemplated herein.

(b) Subject to the Subsection 8.1(c) below, the use and disclosure restrictions contained in this Agreement do not apply to any Confidential Information that: (i) is or becomes generally available to the public other than as a result of direct or indirect disclosure by the Receiving Party or its Representatives, (ii) is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, unless the Receiving Party knows after reasonable inquiry that such source is prohibited from disclosing the information to the Receiving Party by a contractual, fiduciary or other legal obligation to the Disclosing Party; or (iii) the Receiving Party can show was independently acquired or developed by it without the use of any Confidential Information.

(c) Each Party acknowledges that information about an identifiable individual ("**Personal information**") is not subject to the exclusions set forth in Subsection 8.1(b) above and will be considered Confidential Information notwithstanding anything else contained therein. Each Party acknowledges that Confidential Information includes Personal Information and acknowledges that it and its Representatives are bound by and will comply with all applicable privacy legislation with respect to any Personal Information disclosed under this Agreement.

(d) The disclosure restrictions contained in this Agreement do not apply to any Confidential Information that is required to be disclosed by applicable law (unless such applicable law permits a party to refrain from making such disclosure for confidentiality or other reasons). However, prior to making such disclosure, the Receiving Party must: (i) immediately advise the Disclosing Party of the requirement and the proposed content of any disclosure; (ii) at the Disclosing Party's request and expense, cooperate with the Disclosing Party in limiting the extent of the disclosure and in obtaining an appropriate protective order or pursuing such legal action, remedy or assurance as the Disclosing Party deems necessary to

preserve the confidentiality of the Confidential Information; and (iii) if a protective order or other remedy is not obtained or the Disclosing Party fails to waive compliance with the provisions of this Agreement, disclose only that portion of the Confidential Information that it is, on the advice of its counsel, required to disclose and exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment is given to the Confidential Information so disclosed.

(e) The Receiving Party shall make the same efforts to safeguard the Confidential Information as it makes to safeguard its own confidential and proprietary business information, or all commercially reasonable efforts to safeguard the Confidential Information if such efforts would impose on it a higher standard of care. The Receiving Party shall not remove any proprietary, copyright, trade secret or other legend from any of the Confidential Information.

(f) To the extent that the Disclosing Party owns any of the Confidential Information, it will remain the exclusive property of the Disclosing Party. Nothing in this Agreement or in the disclosure of any Confidential Information confers any interest in the Confidential Information on the Receiving Party.

(g) The Receiving Party will notify the Disclosing Party in writing immediately upon discovery of any unauthorized use or disclosure of the Confidential Information or other breach of this Agreement and will cooperate with the Disclosing Party to prevent any further unauthorized use or disclosure of the Confidential Information and to remedy the breach. The Receiving Party is responsible for any breach by its Representatives of any of the provisions of this Agreement.

(h) The obligations of the Parties under this Section 7.1 shall survive the termination of this Agreement for a period of three years.

SECTION 8 – MISCELLANEOUS

8.1 Interpretation.

Section headings are for reference purposes only and shall not affect the interpretation of this Agreement. All references to section numbers refer to sections of this Agreement. All references to Schedules refer to Schedules which are attached to or delivered pursuant to this Agreement and are made a part of this Agreement. Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders. All dollar amounts referred to in this Agreement are in lawful money of the United States of America.

8.2 Cooperation.

Each Party hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

8.3 Governing Law; Submission to Jurisdiction.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF WASHINGTON WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF WASHINGTON OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF LAWS OF ANY JURISDICTION OTHER THAN THOSE OF THE STATE OF WASHINGTON. ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF WASHINGTON IN EACH CASE LOCATED IN THE WESTERN DISTRICT OF WASHINGTON OR KING COUNTY, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

8.4 Waiver of Jury Trial.

EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.4.

8.5 Counterparts.

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by each Party and delivered to the other Party.

8.6 Notices.

Any notice required or permitted to be given under this Agreement will be in writing and will be effectively given if (i) delivered by hand, (ii) sent by electronic communication, or (iii) sent by prepaid courier service, addressed:

to Seller at:

Cenorin, LLC
South 199th Place, Unit 107
Kent, WA USA 98032

Attention: *[Redacted – Privacy – Contact Information]*
Telephone: *[Redacted – Privacy – Contact Information]*
Email: *[Redacted – Privacy – Contact Information]*

to Buyer at:

Covalon Technologies AG Ltd.
1660 Tech Avenue, Unit 5
Mississauga, ON Canada L4W 5S7

Attention: Chief Executive Officer
Telephone: *[Redacted – Privacy – Contact Information]*
Email: *[Redacted – Privacy – Contact Information]*

Any notice so given will be deemed conclusively to have been given and received when so delivered by hand or sent by electronic communication or on the second day following the sending by courier. Any Party hereto or others mentioned above may change any particulars of its address for notice by notice to the others in the manner aforesaid.

8.7 Entire Agreement.

This Agreement together with the schedules and the Purchase Agreement constitutes the entire agreement with respect to the subject matter of this Agreement and supersedes and cancels all previous negotiations, agreements, commitments and writings in respect of the subject matter of this Agreement. This Agreement may not be modified or amended in any respect except by written instrument signed by the Parties.

8.8 Waiver.

The failure of any party to this Agreement at any time to require performance by any other Party of any provision of this Agreement shall in no way affect the full right to require such performance at any time thereafter and no waiver by any Party of this Agreement of any breach of condition, covenant or agreement shall constitute a waiver except in respect of the particular breach giving rise to such waiver. Any such waiver shall be effective only if made in writing by the Party entitled to waive the position.

8.9 Successors and Assigns.

This Agreement will inure to the benefit of and be binding upon the Parties and their successors and permitted assigns. Subject to the following sentence, neither Party may assign its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing

sentence, either Party may, without the prior written consent of the other Party, assign all or any portion of its right to receive Services to any of its affiliates. No assignment shall relieve the assigning party of any of its obligations hereunder.

8.10 Further Assurances.

Each of the Parties hereto from time to time at the request and expense of the other Party hereto and without further consideration, will execute and deliver, as applicable, such other instruments of transfer, conveyance and assignment and provided the requesting party pays the reasonable out-of-pocket costs of the other party take such further action, as such other Party may require to more effectively complete any matter provided for herein.

8.11 Severability.

Any covenant or provision of this Agreement determined to be void or unenforceable in whole or in part will be deemed not to affect or impair the validity or enforceability of any other covenant or provision of this Agreement and the covenants and provisions of this Agreement are declared to be separate and distinct.

[Remainder of page left intentionally blank]

The Parties have executed this Agreement on the date first written above.

COVALON TECHNOLOGIES AG LTD.

By: _____

Name:

Title: Authorized Signing Officer

CENORIN, LLC

By: _____

Name:

Title: Authorized Signing Officer

[Redacted – Commercially Sensitive Information – Schedule “A” Services]

**Schedule 7.1(d)(xi)
Form of Release**

See attached.

THIS WAIVER AND RELEASE AGREEMENT (the "**Agreement**"), dated as of _____, 2018, is being executed by the undersigned and is being delivered by the undersigned for the benefit of Covalon Technologies AG Ltd. (the "**Purchaser**") and Cenorin, LLC (the "**Vendor**") and each of their respective successors and assigns, and each of their respective parents, subsidiaries and affiliates pursuant to that certain Asset Purchase Agreement dated September _____, 2018 (the "**Purchase Agreement**") between and among the Purchaser and the Vendor. The undersigned, *[Redacted - Privacy - Personal Information]*, is referred to herein as the "**Releasing Party**".

BACKGROUND

WHEREAS, the Releasing Party and the Vendor entered into an Employment Agreement dated January 1, 2016 (the "**Employment Agreement**");

WHEREAS, the Releasing Party is receiving a direct or indirect benefit under the Purchase Agreement, and that such benefit shall not be available to Releasing Party without his execution of this Agreement; and

WHEREAS, the terms and conditions of the Employment Agreement grant certain rights to the Releasing Party that may be triggered by the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises set forth in this Agreement and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, intending to be legally bound, the parties hereto agree as follows:

Section 1 Waiver and Consent.

The Releasing Party hereby irrevocably waives any and all rights, including, but not limited to, any rights of first refusal, that exist under the Employment Agreement in connection with the transactions contemplated by the Purchase Agreement, and the Releasing Party, by irrevocably waiving such rights, hereby consents to the transactions contemplated by the Purchase Agreement. Further, by executing this Agreement, the Releasing Party represents and acknowledges as follows: (a) he has received all notices and has given all consents that may be entitled or required to be received or given under the Employment Agreement in connection with the transactions contemplated by the Purchase Agreement; (b) except as specified in Section 3 of this Agreement, he has received all compensation and employee benefits due to him by virtue of employment and Board service with the Vendor; and (c) he is aware of no claims of any kind that he has or might have against the Vendor or the Purchaser.

Section 2 Release of Claims.

Except as set forth in Section Section 3 hereof, the Releasing Party hereby irrevocably and unconditionally releases, discharges and forever waives and relinquishes any and all Claims (as defined below), which he has, may have, might have, or may assert now or in the future arising from or relating to the business of, or in his capacity as an employee, officer or manager of the Vendor, prior to the closing of the transactions contemplated by the Purchase Agreement (the "**Released Claims**"), against the Vendor, the Purchaser, their respective

successors and/or assigns, or any of their respective directors, officers, partners, stockholders, employees of each thereof (each, a “**Released Party**” and collectively, the “**Released Parties**”). As used in this release, “**Claims**” means all claims, demands, obligations, defenses, set-offs, counterclaims, actions, causes of action, suits, debts, damages, legal fees, costs and expenses of suit, liabilities, and judgments of whatever kind, nature and character, whether known or unknown, accrued or unaccrued, in law, equity or otherwise.

Section 3 Exceptions to Release.

Notwithstanding the release set forth in Section Section 2 hereof, the Releasing Party does not release any Claims for salary, bonus, commissions or vacation pay earned or accrued prior to the date hereof, but not paid in the ordinary course prior to the date hereof, (ii) any right or entitlement he may have to indemnity, or to enforce any right of indemnity, as a former director or officer of the Vendor as provided by, and subject to the limitations of, the Purchase Agreement, or (iii) any accrued obligations to managers in respect of managers’ fees and expenses.

Section 4 Covenant Not to Sue.

The Releasing Party agrees and undertakes not to (i) encourage, maintain or instigate any Claims by other persons or entities against the Released Parties in connection with the Released Claims; or (ii) institute any proceedings by way of action, arbitration or otherwise against any person or entity who could, to the knowledge of the Releasing Party, be reasonably expected to have grounds to claim contribution, indemnity, damages or other relief over or against any of the Released Parties in connection with the Released Claims.

Section 5 No Admission of Liability.

Neither this Agreement nor the releases contained herein constitute an acknowledgment or admission of liability in any way on the part of any party hereto or its successors, assigns, agents, officers, directors or employees, all of whom expressly deny any liability for any and all claims of whatsoever nature.

Section 6 No Subrogation.

The Releasing Party warrants and represents to the Released Parties that it has not made or suffered any assignment, subrogation, hypothecation or other disposition by operation of law or otherwise, of any claim, right, interest, demand, obligation or cause of action stated to have been released pursuant to Section Section 2 hereof. The Releasing Party agrees to indemnify and hold harmless the Released Parties from any such claim asserted by any person or entity claiming to be an assignee or subrogee of any claim, right, interest, obligation, demand or cause of action among the parties that has been released pursuant to Section Section 2 hereof.

Section 7 No Prior Agreements.

The Releasing Party acknowledges that this Agreement contains the complete and entire agreement among the parties hereto with respect to the matters described herein, which may not be terminated, amended, modified or changed except in a writing signed by all parties to this Agreement. The Releasing Party has read the foregoing Agreement, has had it explained to

it by its lawyer, fully appreciates and understands this Agreement and freely and of his own accord is executing this Agreement.

Section 8 Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and the Released Parties, as the case may be, and their respective successors and assigns.

Section 9 Severability.

If any provision of this Agreement shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall attach only to such provision, and this Agreement shall be carried out as if any such invalid or unenforceable provision were not contained herein. In addition, any such invalid or unenforceable provision shall be deemed, without further action on the part of the parties hereto, modified, amended or limited to the extent necessary to render the same valid and enforceable.

Section 10 Waiver.

No waiver hereof by the Released Party of a breach or default hereunder by the Releasing Party shall be considered valid unless in writing signed by such Released Party, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or any other nature.

Section 11 Applicable Law.

This Agreement, and all of the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Washington.

Section 12 Counterparts.

This Agreement may be executed in any number of counterparts and by .pdf or facsimile, each of which when so executed and delivered shall be an original hereof, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof.

Section 13 Knowing and Voluntary Agreement.

The Releasing Party acknowledges that (a) this Agreement is written in a manner that he understands; (b) he has been advised to consult with an attorney of his own choosing with respect to this Agreement, and either received such legal advice or knowingly and voluntarily waived the right to do so; and (c) signs this Agreement freely and voluntarily.

[Remainder of this page intentionally left blank]

Witness the due execution and delivery hereof as of the date first stated above.

[Redacted – Privacy – Personal Information]

Witness

Agreed to and acknowledged by:

CENORIN, LLC

By:
Name:
Title:

COVALON TECHNOLOGIES AG LTD.

By:
Name:
Title: