Execution Version

TIDI PRODUCTS, LLC
as the Buyer

- and -

COVALON TECHNOLOGIES INC.
as the Seller

- and -

COVALON TECHNOLOGIES HOLDINGS (USA), LTD.
COVALON TECHNOLOGIES AG LTD.
as the Purchased Corporations

- and -

COVALON TECHNOLOGIES LTD.
as the Seller Parent

SHARE PURCHASE AGREEMENT

July 29, 2021

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SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT (this "**Agreement**") is dated as of July 29, 2021 among Covalon Technologies Inc. ("**Seller**"), Covalon Technologies Holdings (USA), Ltd. ("**Covalon US HoldCo**"), Covalon Technologies AG Ltd. ("**Covalon US OpCo**", and together with Covalon US HoldCo, the "**Purchased Corporations**"), Covalon Technologies Ltd. ("**Seller Parent**") and TIDI Products, LLC ("**Buyer**"). Buyer, Seller, Seller Parent and the Purchased Corporations are hereinafter referred to as the "**Parties**" and each a "**Party**".

WHEREAS Seller is the registered and beneficial owner of all of the issued and outstanding common shares (the "**Purchased Shares**") of Covalon US HoldCo, whose wholly-owned subsidiary, Covalon US OpCo, owns the Purchased Assets (as defined below);

AND WHEREAS Buyer wishes to acquire the Purchased Assets through the acquisition of the Purchased Shares from the Seller;

AND WHEREAS Seller Parent is the beneficial and registered owner of all of the issued and outstanding common shares of Seller.

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 following meanings:

"**Accountant**" means Ernst & Young, or, if such firm is unable to act, a recognized accounting firm which is independent from Buyer, Seller and the Purchased Corporations.

"**Action**" has the meaning specified in Section 3.1(x).

"**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.

"**Agreement**" has the meaning specified in the preamble.

"**Anti-Corruption Laws**" means all applicable anti-bribery and anti-corruption Laws, including without limitation the U.S. Foreign Corrupt Practices Act of 1977, as amended, and any other applicable Law prohibiting commercial bribery, or any other applicable anti-corruption Law of any other applicable jurisdiction.

"**Anti-Money Laundering Laws**" means the USA Patriot Act of 2001 and all other applicable anti-money laundering Laws, including the Laws, regulations and executive orders and sanctions programs administered by the U.S. Office of Foreign Assets Control, including (i) Executive Order 13224 of September 23, 2001 entitled "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (66 Fed. Reg. 49079 (2001)), and (ii) any regulations contained in 31 C.F.R., Subtitle B, Chapter V.

"**Assumed Liabilities**" means the obligations or liabilities set out at Schedule 1.1(c) of the Disclosure Schedules, which were not transferred in the Pre-Closing Transactions. For the avoidance of doubt, no Pre-Closing Transferred Liability shall constitute an Assumed Liability.

"**Authorization**" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Authority having jurisdiction over the Person.

"**Base Purchase Price**" has the meaning specified in Section 2.2.

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

"**Buyer**" has the meaning specified in the preamble.

"**Buyer Confidential Information**" means any information relating to the Pre-Closing Transferred Assets and the Pre-Closing Transferred Liabilities, which information is not otherwise generally available to the public, including any technical, trade secret or other proprietary information. For the avoidance of doubt, Buyer Confidential Information shall not be considered generally available to the public if made public by Buyer or any of its Affiliates in violation of this Agreement.

"**Buyer Fundamental Representations**" means, collectively, the representations and warranties of the Buyer in Section 5.1(a) *(Incorporation and Qualification)*, Section 5.1(b)(i) *(No Conflict)*, Section 5.1(d) *(Execution and Binding Obligation)* and Section 5.1(e) *(Brokers)*.

"**Buyer Indemnified Parties**" has the meaning specified in Section 8.2.

"**Call Option Agreement**" means the call option agreement dated as of March 25, 2021 among Seller Parent, Covalon US OpCo and Cenorin, as amended by an amending agreement dated as of June 17, 2021.

"**Call Option Notice**" means the documentation evidencing the Seller Parent's exercise of the Call Option (as such term is defined in the Call Option Agreement) to repay the Cenorin Promissory Note, together with wiring or other payment instructions of Cenorin.

"**Cash**" means the aggregate amount of all cash and cash equivalents (including marketable securities), net of any restricted cash, any cash or cash equivalents held as security, rent or similar deposits and any issued but uncleared checks and drafts and net of bank overdrafts, in each case, determined in accordance with IFRS.

"**Cenorin**" means Cenorin, LLC.

"**Cenorin Promissory Note**" means the promissory note of Covalon US OpCo dated as of October 1, 2018 in favour of Cenorin.

"**Closing**" has the meaning specified in Section 7.1.

"**Closing Cash Amount**" means all Cash held by the Purchased Corporations as of the Measuring Time and calculated in accordance with IFRS. For the avoidance of doubt, Closing Cash Amount shall not include any amount included in the Closing Finished Goods Inventory

Amount, the Raw Materials Inventory Amount, the Closing Transaction Expenses Amount or the Closing Indebtedness Amount.

"**Closing Date**" means the date of this Agreement.

"**Closing Finished Goods Inventory Amount**" means the aggregate amount of Finished Goods Inventory of the Purchased Corporations as of the Measuring Time and calculated in accordance with IFRS and the procedures, policies, practices and methods used in determining the Target Finished Goods Inventory Amount, which are the procedures, policies, practices and methods applied by the Purchased Corporations in the preparation of the Financial Statements. For the avoidance of doubt, Closing Finished Goods Inventory Amount shall not include any amount included in the Closing Indebtedness Amount, the Raw Materials Inventory Amount, the Closing Transaction Expenses Amount or the Closing Cash Amount.

"**Closing Indebtedness Amount**" means the aggregate amount of Indebtedness of the Purchased Corporations as of the Measuring Time and calculated in accordance with IFRS. For the avoidance of doubt, Closing Indebtedness Amount shall not include any amount included in the Closing Finished Goods Inventory Amount, the Raw Materials Inventory Amount, the Closing Transaction Expenses Amount or the Closing Cash Amount.

"**Closing Transaction Expenses Amount**" means the aggregate amount of the Transaction Expenses as of the Measuring Time and calculated in accordance with IFRS. For the avoidance of doubt, Closing Transaction Expenses Amount shall not include any amount included in the Closing Finished Goods Inventory Amount, the Raw Materials Inventory Amount, the Closing Indebtedness Amount or the Closing Cash Amount.

"**COBRA**" means Section 4980B of the Code, Part 6 of Subtitle B of Title I of ERISA, and all similar state laws

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company Group**" means any "affiliated group" (as defined in Section 1504(a) of the Code without regard to the limitations contained in Section 1504(b) of the Code) that, at any time on or before the Closing Date, includes or has included any Purchased Corporation or any direct or indirect predecessor of any Purchased Corporation, or any other group of corporations filing Tax Returns on a combined, consolidated, unitary or similar basis that, at any time on or before the Closing Date, includes or has included any Purchased Corporation or any direct or indirect predecessor of any Purchased Corporation.

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

"**Covalon US HoldCo**" has the meaning given to such term in the preamble.

"**Covalon US OpCo**" has the meaning given to such term in the preamble.

"**Customs & International Trade Laws**" means (i) international trade Laws, including the U.S. Export Administration Regulations and any similar Laws, (ii) Laws related to economic sanctions, including U.S. economic sanctions implemented (unilaterally or multilaterally) under statutory authority or presidential executive order and the regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control, and (iii) Laws related to customs procedures, including the filing of any export or import declaration, the payment of customs

duties lawfully owed, compliance with import quotas, import registration or any other similar requirements related to the exportation or importation of goods or services.

"**Damages**" has the meaning specified in Section 8.2.

"**Direct Claim**" has the meaning specified in Section 8.8(1).

"**Disclosure Schedules**" means the disclosure schedules dated the date of this Agreement and delivered by Seller to Buyer with this Agreement.

"**Electronic Delivery**" has the meaning specified in Section 10.13.

"**Employees**" means any employee of a Purchased Corporation.

"**Employee Benefit Plan**" means each "employee benefit plan", as such term is defined in Section 3(3) of ERISA, and each other employee benefit or compensation plan, practice, program, policy, agreement or arrangement (whether written or unwritten), including each bonus, stock option, stock purchase, restricted stock, equity or equity-based, incentive, pension, deferred compensation, welfare, fringe benefit, retiree medical or life insurance, supplemental retirement, employment, retention, change in control, severance or other benefit plan, practice, program, policy, agreement or arrangement, in each case (i) that is maintained, sponsored or contributed to (or required to be contributed to) by any Purchased Corporation or any ERISA Affiliate, (ii) with respect to which any Purchased Corporation has or could have any obligation or liability (including contingent liability), or (iii) that covers any Employee.

"**Environmental Claim**" means any Action or any claim, order, directive, summons, complaint, citation or written notice of actual or alleged violation or actual or alleged liability from any Person, including any Governmental Authority, relating to Environmental Laws or Hazardous Substances.

"**Environmental Laws**" means all Laws relating to pollution or protection of the environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, discharge, Release, threatened Release, control, or cleanup of any Hazardous Substances.

"**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.

"**ERISA Affiliate**" means any Person that, together with a Purchased Corporation, is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

"**Escrow Account**" has the meaning specified in Section 2.3(3).

"**Escrow Agent**" means CIBC Bank USA.

"**Escrow Agreement**" means that certain Escrow Agreement, by and among Buyer, Escrow Agent and Seller.

"**Escrow Amount**" means an amount in cash equal to [redacted].

Confidential and intentionally redacted. Commercially sensitive information of the Seller.

"**Estimated Purchase Price**" has the meaning specified in Section 2.4(1).

"**FDA**" means the United States Food and Drug Administration.

"**FDA Application Integrity Policy**" has the meaning specified in Section 3.1(ff)(iii).

"**FDA Quality System Regulation**" means the Quality System Regulation set forth in the U.S. Code of Federal Regulations at 21 C.F.R. Part 820.

"**FDCA**" means the Federal Food, Drug, and Cosmetic Act.

"**Federal Health Care Program**" has the meaning set forth at 42 USC 1320a-7b(f).

"**Financial Statements**" means: (a) the unaudited financial statements of the Purchased Corporations for the fiscal years ended September 30, 2020 and September 30, 2019; and (b) the unaudited interim financial statements of the Purchased Corporations for the six (6) months ended March 31, 2021, in each case, which has been prepared by the Seller Parent's management.

"**Finished Goods Inventory**" means any and all products of the Purchased Corporations in finished form that are a Purchased Asset. For the avoidance of doubt, Finished Goods Inventory shall not include any Raw Materials Inventory or any Pre-Closing Transferred Assets.

"**Governmental Authority**" means any governmental, regulatory or administrative authority, agency or commission, whether international, multinational, national, federal, provincial, state, county, municipal, local, or other governmental authority, or any court, tribunal, judicial or arbitral body, administrative agency or commission 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.

"**Hazardous Substances**" means any waste, substance, or material that is regulated, defined, classified or otherwise characterized under or pursuant to any Environmental Law as a pollutant, contaminant, radioactive, hazardous, or toxic, including petroleum and petroleum byproducts, asbestos and asbestos-containing materials, medical and infectious wastes, or polychlorinated biphenyls, or any other substance, material, or waste for which liability is imposed or for which standards of care exist under any Environmental Law.

"**Healthcare Law**" means the Laws, policies and guidelines of all Governmental Authorities relating to the production, provision, preparation, propagation, compounding, conversion, pricing, marketing, promotion, sale, distribution, coverage, regulation or reimbursement of a drug, device, biological or other medical or healthcare item, supply or service, including the FDCA, the federal civil False Claims Act (31 U.S.C. §§ 3729 et seq.), the federal criminal False Claims statutes (e.g., 18 U.S.C. §§ 287 and 1001), the Federal Health Care Program anti-kickback statute (42 U.S.C. § 1320a-7b(b)), the federal False Statements Statute (42 U.S.C. § 1320a-7b(a)), the federal Stark Law (42 U.S.C. § 1395nn), the Physician Payment Sunshine Act (42 U.S.C. § 1320a-7h), the healthcare fraud, false statement and health information privacy and security provisions of the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("**HITECH**"), the federal healthcare program civil money penalty and exclusion authorities (42 U.S.C. §§ 1320a-7 and 1320a-7a) including the Beneficiary Inducement Statute (42 U.S.C. § 1320a-7a(a)(5)), federal statutes related to Health Care Fraud (18 U.S.C. § 1347) and False Statements Relating to Health Care Matters (18 U.S.C. § 1035), applicable provisions of the Patient Protection

and Affordable Care Act (Pub. L. 111−148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111−152), the applicable requirements of all Federal Health Care Programs, and, in each case, their implementing regulations and any analogous Laws of any locality, state or country.

"**Held Asset**" has the meaning specified in Section 9.9(1)(a).

"**Incorporation Date**" means June 20, 2018.

"**IFRS**" means International Financial Reporting Standards, at the relevant time applied on a consistent basis.

"**Indebtedness**" means, as to any Person, the sum of the following items: (a) all obligations of such Person for borrowed money or funded indebtedness (including reimbursement and any applicable repayment charges, penalties or premiums and lien discharge or termination fees); (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments; (c) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency; (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person; (e) all obligations of such Person under leases which have been or should be, in accordance with IFRS, recorded as capital leases (excluding real property leases); (f) any obligation in respect of letters of credit and bankers' acceptances, but only to the extent drawn; (g) all indebtedness secured by any Lien on any property or asset owned or held by such Person regardless of whether the indebtedness secured thereby shall have been assumed by such Person or is non-recourse to the credit of such Person; (h) all guarantees by such Person of the Indebtedness of any other Person; (i) any other amounts classified as indebtedness in accordance with IFRS; (j) any amounts payable to Seller Parent or any of its Affiliates, and any obligations of or amounts otherwise payable by Seller Parent or any of its Affiliates that are to be paid off in accordance with the Payoff Letters (including, without limitation, the payment of a cash collateral deposit into an account of any Debt Holder to secure certain credit card obligations to such Debt Holder (provided that, pursuant to the applicable Payoff Letter, the Purchased Corporations shall have no Indebtedness with respect to such credit card obligations upon the Debt Holder's receipt of the payments described in such Payoff Letter)), (k) any accrued but unpaid Seller Taxes for which the Purchased Corporations are liable as of the Closing Date (taking into account the availability of any net operating loss carryforward), (l) any amount of rent payment that has been deferred and (m) any accrued and unpaid interest or penalties with respect to any Indebtedness described in (a)-(l) hereof.

"**Indemnified Party**" has the meaning specified in Section 8.5.

"**Indemnifying Party**" has the meaning specified in Section 8.5.

"**Intellectual Property**" means any and all of the following in any jurisdiction throughout the world (excluding any off-the-shelf software): (a) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (b) 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; (c) copyrights, copyright registrations and applications for copyright registration; (d) mask works, mask work registrations and applications for mask work registrations; (e) designs, design registrations,

design registration applications and integrated circuit topographies; (f) 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 (g) any other intellectual property, intellectual property rights and industrial property.

"**Inventory**" means Finished Goods Inventory and Raw Materials Inventory.

"**Labor Laws**" means all Laws governing or concerning labor relations, unions and collective bargaining, conditions of employment, employment discrimination and harassment, retaliation, wages, hours, occupational safety and health, employee record keeping, fair employment practices, workers' compensation, affirmative action, plant closings, withholding of taxes, disability rights or benefits, equal employment opportunity, immigration, reasonable accommodations, employee leave issues, overtime compensation, whistle-blowing, hiring, promotion and termination of employees (including the WARN Act), working conditions, meal and break periods, privacy, classification of employees as exempt for overtime purposes, classification of workers as independent contractors, and unemployment insurance, 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, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family Medical Leave Act, the Occupational Safety and Health Act, the United States Davis Bacon Act, the United States Walsh-Healy Act, the United States Service Contract Act, United States Executive Order 11246, the Fair Labor Standards Act and the United States Rehabilitation Act of 1973.

"**Laws**" means any and all applicable: (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations, by-laws, common laws; (b) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Authority or pursuant to any Governmental Order; and (c) policies, guidelines, notices and protocols, to the extent that they have the force of law.

"**Lien**" means any lien (statutory or otherwise), mortgage, pledge, charge, option, hypothecation, collateral assignment, encumbrance, right of first refusal, easement, defects in title, security interest, restriction or similar claim in equity of any kind or nature whatsoever which, in substance, secures payment or performance of an obligation.

"**Material Adverse Effect**" means any result, event, occurrence, fact, condition, circumstance, change, development or effect (an "**Effect**") that is, or would reasonably be expected to be, material and adverse to (i) the business, operations, assets, liabilities or condition (financial or otherwise) of the Purchased Corporations, taken as a whole, or (ii) the ability of Seller to consummate the transactions contemplated hereby, *except* that, with respect to clause (i) hereof, to the extent that such Effect results from or is caused by: (a) changes in the markets or industry in which the Purchased Corporations operate; (b) the announcement of this Agreement and the transactions contemplated by it; (c) 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; (d) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation of worsening thereof; (e) any changes in applicable Laws or accounting rules (including IFRS) or the enforcement, implementation or interpretation thereof; (f) any natural or man-made disaster, pandemic (including, without limitation, COVID-19 or any escalation thereof) or acts of God; or (g) any failure by the Purchased Corporations to meet any internal or published projections, forecasts or revenue or earnings predictions (it being understood that the facts and circumstances underlying any such failure that

are not otherwise excluded from the definition of a "Material Adverse Effect" may be considered in determining whether there has been a Material Adverse Effect); *provided, however*, that, in the case of clauses (a), (c) and (d) through (f) above, any such Effect shall be taken into account in determining whether it has had, or would reasonably be expected to have, a Material Adverse Effect, if it has disproportionately impacted the Purchased Corporations relative to other participants in the industries in which the Purchased Corporations operate.

"**Material Contracts**" has the meaning specified in Section 3.1(p).

"**Measuring Time**" means: (a) with respect to Cash, 11:59 p.m. (Toronto Time) on the day immediately prior to the Closing Date; (b) with respect to Finished Goods Inventory, Indebtedness and Transaction Expenses, the Closing; (c) with respect to Taxes, at 11:59 p.m. (Toronto Time) on the Closing Date; and (d) with respect to Raw Materials Inventory, upon delivery by Seller Parent of such Raw Materials Inventory to Buyer in accordance with the Transition Services Agreement.

"**Medical Product Regulatory Authority**" means any Governmental Authority that is concerned principally with the safety, efficacy, reliability, manufacture, sale, import, export or marketing of medical products, including the FDA.

"**Notice of Objection**" has the meaning specified in Section 2.4(3).

"**Omitted Asset**" has the meaning specified in Section 9.9(1)(b).

"**Owned IP**" means all Intellectual Property owned by or purported to be owned by, exclusively or jointly with any third party, either of the Purchased Corporations.

"**Payoff Letter**" means a letter from a holder of any Indebtedness (other than Indebtedness owed to Cenorin under the Cenorin Promissory Note) of the Purchased Corporations (each, a "**Debt Holder**"), which Indebtedness is either secured by the Purchased Shares or assets of the Purchased Corporations or which is required to be paid as a result of the transactions contemplated by this Agreement, that contains (a) the name of such Debt Holder to whom such Indebtedness is owed; (b) the aggregate payments necessary to be made by Seller Parent (on behalf of the Purchased Corporations) at the Closing in order to satisfy in full all amounts outstanding, including all principal, interest, fees, prepayment penalties or other amounts due or owing or to be due or owing with respect thereto, and to satisfy any other liabilities to such Debt Holder and to terminate any executory agreement by Seller Parent and the Purchased Corporations in favor of such Debt Holder; (c) an undertaking by such Debt Holder to release any Liens on any assets securing such Indebtedness upon payment of such stated amount; and (d) wiring or other payment instructions for each such Debt Holder.

"**Permitted Lien**" means: (a) Liens for Taxes not yet due and delinquent; (b) Liens listed and described in Section 1.1(b) of the Disclosure Schedules, but only to the extent such Liens conform to their description in Section 1.1(b) of the Disclosure Schedules; and (c) Liens to be released as part of the Debt Holder undertakings in a Payoff Letter delivered at Closing.

"**Permit**" means any filing, license, permit, certificate, franchise, approval, registration, authorization, clearance, exemption or other consent issued, granted or given by any Governmental Authority and any amendments or supplements thereto.

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

"**Pre-Closing Tax Period**" means any taxable period (or portion of a Straddle Period) ending on or before the Closing Date.

"**Pre-Closing Transactions**" has the meaning specified in Section 6.1(k).

"**Pre-Closing Transferred Assets**" means, other than the Purchased Assets, the remaining assets of either of the Purchased Corporations which, immediately prior to the execution of this Agreement, have been transferred to Covalon Technologies (USA) Ltd. pursuant to the Pre-Closing Transactions. Without limiting the generality of the foregoing sentence, Pre-Closing Transferred Assets includes:

(a) all assets of the Purchased Corporations which are not necessary to operate the moisture barrier technology business as it relates to the AquaGuard branded products (sheets, boot and glove);

(b) (i) all assets of the Purchased Corporations used by the moisture barrier technology business as it relates to the AquaGuard branded products which have been transferred to Covalon Technologies (USA) Ltd. pursuant to the Pre-Closing Transactions, all of which are set out in Section 1.1(d)(b)(A) of the Disclosure Schedules; and (ii) all assets of the Seller Parent or its Affiliates (other than the Purchased Corporations) used by the moisture barrier technology business as it relates to the AquaGuard branded products which will be retained by such entities following Closing, all of which are set out in Section 1.1(d)(b)(B) of the Disclosure Schedules;

(c) the insurance refunds, property, casualty, product liability and general commercial liability insurance policies of the Purchased Corporations;

(d) the Employee Benefit Plans (or any other employee benefit or compensation plan or arrangement with respect to which the Purchased Corporations could have any liability) and any assets attributable thereto;

(e) all personnel records, files and other records that are maintained by the Purchased Corporations with respect to Employees;

(f) all cash on hand and in banks, cash equivalents, deposits in transit, outstanding checks and marketable securities investments, and all bank accounts and lock boxes;

(g) all trade accounts receivable and other receivables;

(h) all Employees of the Purchased Corporations;

(i) the prepaid assets set forth on Section 1.1(d)(i) of the Disclosure Schedules;

(j) the Inventory set forth on Section 1.1(d)(j) of the Disclosure Schedules;

(k) the fixed assets set forth on Section 1.1(d)(k) of the Disclosure Schedules;

(l) the intangible assets and Intellectual Property assets set forth on Section 1.1(d)(l) of the Disclosure Schedules; and

(m) the Contracts set out in Section 1.1(d)(m) of the Disclosure Schedules.

"**Pre-Closing Transferred Assets Valuation**" has the meaning specified in Section 9.3(9).

"**Pre-Closing Transferred Liabilities**" means, other than the Assumed Liabilities, any claims against or liabilities or obligations of either of the Purchased Corporations, whether accrued, matured, unmatured, absolute or contingent, whether known or unknown, whether due or to become due and regardless of when asserted, all of which, immediately prior to the execution of this Agreement, have been transferred to Covalon Technologies (USA) Ltd. pursuant to the Pre-Closing Transactions. Without limiting the generality of the foregoing sentence, Pre-Closing Transferred Liabilities includes:

(a) Indebtedness, or applications for Indebtedness or requests for assistance from any foreign, federal, state, local or other governmental authority or regulatory body;

(b) any accounts payable, trade payables, dividend payable, amount owing or any other liability to an Affiliate of the Seller Parent and any intercompany obligations;

(c) any liability or obligation with respect to any Employee Benefit Plan (or any other employee benefit or compensation plan or arrangement with respect to which the Purchased Corporations could have any liability) or under any Labor Law, including without limitation any liabilities or obligations (A) under Title IV or Section 302 of ERISA or Section 412 of the Code, (B) with respect to any "multiemployer plan," as defined under Section 3(37) of ERISA or (C) arising under COBRA;

(d) any liability or obligation relating to any of the Employees or any other current or former employee or individual service provider of any Purchased Corporation;

(e) accounts payable, trade payables and expenses (including any expenses incurred in connection with the negotiation of this Agreement or any Transaction Document or the transactions contemplated hereby or thereby); and liabilities arising from or related to the Pre-Closing Transferred Assets;

(f) any claims by any Employees or other third parties related to acts or omissions of the Seller Parent, Seller or the Purchased Corporations on or prior to the Closing Date;

(g) any product liability claims or similar claim or other product defects of any products manufactured or sold by the Seller, Seller Parent or the Purchased Corporations;

(h) all obligations of the Purchased Corporations under any Contracts (A) that are a Pre-Closing Transferred Asset or (B) to the extent related to performance prior to the Closing Date;

(i) any liabilities, claims or obligations to the extent relating to violations or alleged violations of, or any liabilities or obligations under, any foreign, federal, state or local law, statute, regulation, order or decree (including Environmental Laws) or relating to Hazardous Materials;

(j) any liabilities, claims or obligations arising out of any Action pending as of the Closing, any action filed or otherwise asserted after the Closing to the extent based upon or arising out of the conduct of the Purchased Corporations prior to the Closing or any actual or alleged violation by Seller Parent or any Affiliate of Seller Parent of any Law;

(k) any liabilities to the extent relating to or arising out of infringement or misappropriation prior to the Closing of Intellectual Property; and

(l) those liabilities, claims or obligations set out in Section 1.1(e)(l) of the Disclosure Schedules.

"**Purchase Price**" has the meaning specified in Section 2.2.

"**Purchased Assets**" means the full suite of AquaGuard branded products (sheets, boot and glove) and related assets of the Purchased Corporations, all of which are set out at Schedule 1.1(a) of the Disclosure Schedules, and which, for greater certainty, does not include: (a) VALGuard and other non-AquaGuard-related U.S. assets and operations of Seller Parent or its Affiliates; and (b) the Pre-Closing Transferred Assets.

"**Purchased Corporations**" has the meaning specified in the preamble.

"**Purchased Shares**" has the meaning specified in the preamble.

"**Raw Materials Inventory**" means raw materials, work-in-process, components, ingredients, packaging material or similar items used in the production or distribution of the products of the Purchased Corporations that are a Purchased Asset. For the avoidance of doubt, Raw Materials Inventory shall not include any Finished Goods Inventory or any Pre-Closing Transferred Assets.

"**Raw Materials Inventory Amount**" means the aggregate amount of Raw Materials Inventory delivered by Seller Parent to Buyer in accordance with the Transition Services Agreement as of and at the Measuring Time and calculated in accordance with IFRS and the procedures, policies, practices and methods used in determining the Raw Materials Inventory Target Amount, which are the procedures, policies, practices and methods applied by the Purchased Corporations in the preparation of the Financial Statements. For the avoidance of doubt, Raw Materials Inventory Amount shall not include any amount included in the Closing Finished Goods Inventory Amount, the Closing Indebtedness Amount, the Closing Transaction Expenses Amount or the Closing Cash Amount.

"**Release**" means any spill, emission, leaking, injection, deposit, disposal, discharge, dispersal, or migration into the environment, including into or onto the atmosphere, soil, surface water, wetlands, groundwater, land, or property.

"**Seller**" has the meaning specified in the preamble.

"**Seller Confidential Information**" means any information relating to the Purchased Assets, the Assumed Liabilities or the Purchased Corporations (after giving effect to the Pre-Closing Transactions), which information is not otherwise generally available to the public, including any technical, trade secret or other proprietary information. For the avoidance of doubt, Seller Confidential Information shall not be considered generally available to the public if made public by Seller Parent or any of its Affiliates in violation of this Agreement.

"**Seller Fundamental Representations**" means, collectively, the representations and warranties: (a) relating to the Purchased Corporations in Section 3.1(a) *(Incorporation and Qualification)*, Section 3.1(b)(i) *(No Conflict)*, Section 3.1(e) *(Execution and Binding Obligation)*, Section 3.1(f) *(Authorized and Issued Capital),* Section 3.1(g) *(No Other Agreements to Purchase)*, Section 3.1(i)(ii) *(Authorization)* and Section 3.1(k)(i) *(The Assets Generally)*; and (b) relating to the Seller and Seller Parent in Section 4.1(a) *(Incorporation and Qualification)*, Section 4.1(b)(i) *(No Conflict)*, Section 4.1(d) *(Execution and Binding Obligation)*, Section 4.1(e) *(No Other Agreements to Purchase)*, Section 4.1(f) *(Title to Purchased Shares)*, Section 4.1(g) *(Brokers)* and Section 4.1(h) *(Solvency)*.

"**Seller Parent**" has the meaning specified in the preamble.

"**Seller Parent Material Adverse Effect**" means any Effect that is, or would reasonably be expected to be, material and adverse to (i) the business, operations, assets, liabilities or condition (financial or otherwise) of the Seller Parent, taken as a whole, or (ii) the ability of the Seller Parent to consummate the transactions contemplated hereby, *except* that, with respect to clause (i) hereof, to the extent that such Effect results from or is caused by: (a) changes in the markets or industry in which the Seller Parent operates; (b) the announcement of this Agreement and the transactions contemplated by it; (c) 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; (d) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation of worsening thereof; (e) any changes in applicable Laws or accounting rules (including IFRS) or the enforcement, implementation or interpretation thereof; (f) any natural or man-made disaster, pandemic (including, without limitation, COVID-19 or any escalation thereof) or acts of God; or (g) any failure by the Seller Parent to meet any internal or published projections, forecasts or revenue or earnings predictions (it being understood that the facts and circumstances underlying any such failure that are not otherwise excluded from the definition of a "Seller Parent Material Adverse Effect" may be considered in determining whether there has been a Seller Parent Material Adverse Effect); *provided, however*, that, in the case of clauses (a), (c) and (d) through (f) above, any such Effect shall be taken into account in determining whether it has had, or would reasonably be expected to have, a Seller Parent Material Adverse Effect, if it has disproportionately impacted the Seller Parent relative to other participants in the industries in which the Seller Parent operates.

"**Seller Indemnified Party**" has the meaning specified in Section 8.3.

"**Seller Taxes**" means: (A) any Taxes imposed on the Seller Parent or Seller, or for which the Seller Parent or Seller may otherwise be liable; (B) any Taxes imposed on the Purchased Corporations, or for which the Purchased Corporations may otherwise be liable, attributable to the Pre-Closing Tax Period (including, for the avoidance of doubt, (i) any unpaid payroll and other employment Taxes accrued in a Pre-Closing Tax Period and deferred past their original due date and (ii) any withholding Tax for which a Purchased Corporation may be liable as a result of a deemed or actual distribution made on or prior to the Closing Date); (C) any Taxes of any member of a Company Group of which the Purchased Corporations (or any predecessor thereof) is or was a member on or prior to the Closing Date; (D) any Taxes of any Person (other than another Purchased Corporation) imposed on the Purchased Corporations arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date; (E) any Taxes arising out of the Pre-Closing Transactions; and (F) 50% of any real property transfer or gains Tax, sales Tax, use Tax, value added Tax, stamp Tax, documentary Tax, stock transfer Tax, or other similar Tax imposed on the transactions contemplated by this Agreement (excluding, for the avoidance of doubt, any such Taxes imposed on the Pre-Closing Transactions, which shall be borne 100% by Seller and Seller Parent). Whenever it is necessary to determine the liability for Taxes of any Purchased Corporation for a

Straddle Period, the determination of the Taxes of such Purchased Corporation for the portion of the Straddle Period ending on and including the Closing Date shall be determined by assuming that the Straddle Period consisted of two (2) taxable years or periods, one which ended at the close of the Closing Date and the other which began at the beginning of the day following the Closing Date and items of income, gain, deduction, loss or credit of such Purchased Corporation for the Straddle Period shall be allocated between such two (2) taxable years or periods on a "closing of the books basis" by assuming that the books of the such Purchased Corporation were closed at the close of the Closing Date, *provided, however*, that exemptions, allowances, deductions or Taxes that are calculated on an annual basis, such as ad valorem and other similar Taxes imposed on property ("**Property Taxes**"), franchise based solely on capital, and depreciation deductions, shall be apportioned between such two (2) taxable years or periods on a daily basis. In determining whether a Property Tax is attributable to a Tax period ending on or before the Closing Date or a Straddle Period (or portion thereof), any Property Tax shall be deemed a Property Tax attributable to the taxable period specified on the relevant Property Tax bill. For the avoidance of doubt, Seller Taxes shall not be less than zero.

"**Significant Customers**" means the 15 largest customers (including distributors and direct customers) of the Purchased Assets during the 12 month period ended September 30, 2020 and the 6 month period ended March 31, 2021, measured in terms of revenues generated by the Purchased Corporations from such customers during such period.

"**Significant Suppliers**" means the 15 largest suppliers of the Purchased Assets during the 12 month period ended September 30, 2020 and the 6 month period ended March 31, 2021, measured in terms of amounts paid by the Purchased Corporations to such suppliers during such period.

"**Straddle Period**" means any taxable year or period beginning on or before and ending after the Closing Date.

"**Subject Parties**" has the meaning specified in Section 9.6(1)(b).

"**Target Finished Goods Inventory Amount**" means [redacted].

"**Target Raw Materials Inventory Amount**" means [redacted].

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"**Tax**" means: (a) all federal, provincial, territorial, state, municipal, local, foreign or other taxes, imposts, levies and assessments (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; (b) any liability for the payment of any amounts of the type described in clause (a) as a result of being or having been a member of an Affiliated, consolidated, combined or unitary group; and (c) any liability for the payment of any amounts as a result of being party to any Tax Sharing 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 (a) or (b).

"**Tax Assumptions**" means: (i) a fair market value for the Pre-Closing Transferred Assets as of the time of the Pre-Closing Transactions of [redacted] (estimated by using the fair market value

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thereon as at March 31, 2021); and (ii) that the federal income Tax treatment of the Pre-Closing Transactions is set forth on Section 6.1(k) of the Disclosure Schedules.

"**Tax Claims**" has the meaning specified in Section 9.3(4)

"**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.

"**Tax Sharing Arrangement**" means any written or unwritten agreement or arrangement providing for the allocation or payment of Tax liabilities or for Tax benefits between or among members of any group of corporations that files, will file, or has filed Tax Returns on a combined, consolidated or unitary basis.

"**Third-Party Claim**" has the meaning specified in Section 8.5.

"**Trade Secrets**" means all confidential ideas, trade secrets, know-how, concepts, methods, processes, formulae, technology, algorithms, models, reports, data, customer lists, supplier lists, mailing lists, business plans, or other proprietary information.

"**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, including, for greater certainty, the documentation in connection with the Pre-Closing Transactions.

"**Transaction Expenses**" means, to the extent not paid prior to the Closing, the sum of (i) all fees, costs and expenses incurred by or on behalf of the Purchased Corporations, or for which the Purchased Corporations are liable, in connection with the transactions contemplated by this Agreement, including all investment banking fees, commissions, advisory fees, legal fees, and accounting fees; (ii) all bonus, incentive, severance, change-in-control and other payments payable by the Purchased Corporations to any current or former director, officer, employee, consultant or other service provider of the Purchased Corporations as a result of or in connection with the execution of this Agreement or any of the Transaction Documents or the consummation of the transactions contemplated by this Agreement or any of the Transaction Documents (including all payroll, withholding, employment, social security, workers' compensation, unemployment compensation and similar Taxes relating to or arising from such payments); and (iii) 50% of the fees and expenses of the Escrow Agent.

"**Transferred Employees**" has the meaning specified in Section 9.10.

"**Transition Services Agreement**" means the transition services agreement to be entered into on the Closing Date between the Buyer and the Seller Parent.

"**WARN Act**" means the federal Worker Adjustment and Retraining Notification Act of 1988, as amended, and any similar state and local applicable laws related to plant closings, relocations, mass layoffs and employment losses.

Section 1.2 Knowledge.

Where any representation or warranty contained in this Agreement or any Transaction Documents are qualified by reference to the "knowledge of Seller", it refers to the knowledge, after reasonable inquiry of their direct reports, of [redacted],

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[redacted], [redacted] and [redacted], without personal liability on the part of any of them.

Section 1.3 Accounting Terms.

All accounting terms not specifically defined in this Agreement are to be interpreted in accordance with IFRS.

Section 1.4 Headings.

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

Section 1.5 Currency.

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

Section 1.6 Schedules and Disclosure Schedules.

(1) The schedules attached to this Agreement and the Disclosure Schedules form an integral part of this Agreement for all purposes of it.

(2) The purpose of the Disclosure Schedules is to set out the qualifications, exceptions and other information called for in this Agreement. The Parties acknowledge and agree that the Disclosure Schedules and the information and disclosures contained in it do not constitute or imply, and will not be construed as:

(a) any representation, warranty, covenant or agreement which is not set out in this Agreement (as modified by the Disclosure Schedules);

(b) an admission of any liability or obligation of Seller;

(c) an admission that the information is material;

(d) a standard of materiality, a standard for what is or is not in the ordinary course of business, or any other standard contrary to the standards contained in the Agreement; or

(e) an expansion of the scope of effect of any of the representations, warranties and covenants set out in the Agreement.

(3) Disclosure of any information in the Disclosure Schedules that is not strictly required under this Agreement has been made for informational purposes only and does not imply disclosure of all matters of a similar nature. Inclusion of an item in any section of the Disclosure Schedules is deemed to be disclosure under all other reasonably relevant sections of the Disclosure Schedules without the need for cross-references, but only to the extent that such relevance is reasonably apparent on the face of such disclosure.

(4) The Disclosure Schedules constitute confidential information and may not be disclosed unless: (a) it is required to be disclosed pursuant to applicable Law, unless such Law permits the Parties to

refrain from disclosing the information for confidentiality or other purposes; or (b) a Party needs to disclose it in order to enforce or exercise its rights under this Agreement.

Section 1.7 Interpretation.

Whenever the term "include" or "including" is used in this Agreement, it means "including, without limitation," (whether or not such language is specifically set forth) and shall not be deemed to limit the range of possibilities to those items specifically enumerated. The words "hereof," "herein," "hereto," "hereby" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision. The use of "ordinary course of business" shall be deemed to mean "ordinary course of business and consistent with past practice." The word "or" shall not be deemed to be exclusive. The masculine, feminine or neuter gender shall be deemed to include the others whenever the context so indicates or requires. Terms defined in the singular have a comparable meaning when used in the plural and vice versa. Unless the context otherwise requires, references herein: (a) to Articles, Sections, exhibits and Schedules mean the Articles and Sections of, and the exhibits and Schedules attached to, this Agreement; (b) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement; and (c) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder subsequent to the Closing Date.

ARTICLE 2
PURCHASED SHARES AND PURCHASE PRICE

Section 2.1 Purchase and Sale of Shares.

Subject to the terms and conditions of this Agreement, Seller agrees to, and Seller Parent shall cause Seller to, sell, assign and transfer to Buyer, and Buyer agrees to purchase and accept from the Seller on the Closing Date, the Purchased Shares, representing all of the issued and outstanding shares in the capital of Covalon US HoldCo, free and clear of all Liens.

Section 2.2 Purchase Price.

The consideration payable by Buyer to the Seller for the Purchased Shares (the "**Purchase Price**") is: (a) $30,000,000 (the "**Base Purchase Price**"); (b) plus the Closing Cash Amount; (c) minus the Closing Indebtedness Amount; (d) minus the Closing Transaction Expenses Amount; (e) plus the amount, if any, by which the Closing Finished Goods Inventory Amount is greater than the Target Finished Goods Inventory Amount, or minus the amount, if any, by which the Target Finished Goods Inventory Amount is greater than the Closing Finished Goods Inventory Amount; and (f) plus, the amount, if any, by which the Raw Materials Inventory Amount is greater than the Target Raw Materials Inventory Amount, or minus the amount, if any, by which the Target Raw Materials Inventory Amount is greater than the Raw Materials Inventory Amount.

Section 2.3 Payment of Purchase Price.

At the Closing, the Buyer shall pay by wire transfer in immediately available funds to the account or accounts designated in advance by the Person receiving such payment:

(1) on behalf of and at the direction of the Seller, the Seller Parent and the Purchased Corporations, as applicable, to each Debt Holder, the amounts required to pay off the Indebtedness owed to such Debt Holder, in full as of the Closing, as evidenced by: (a) in the case of Indebtedness owing to Cenorin, the cash portion of the "Purchase Price" (as defined in the Call Option Agreement);

and (b) in the case of Indebtedness owing to any other Person (other than Indebtedness owing to Cenorin under the Cenorin Promissory Note), the amounts referenced in the Payoff Letters;

(2) on behalf of and at the direction of the Seller, the Seller Parent and the Purchased Corporations, to any Persons to whom Transaction Expenses are payable, the amount of such Transaction Expenses, as evidenced by invoices or payoff statements from such Persons;

(3) to the Escrow Agent, the Escrow Amount for deposit into an escrow account (the "**Escrow Account**") pursuant to the terms of the Escrow Agreement (which Escrow Amount, plus any interest accrued thereon will be held and distributed by Escrow Agent in accordance with the terms of this Agreement and the Escrow Agreement); and

(4) to the Seller, an amount equal to the Estimated Purchase Price minus the Escrow Amount.

Section 2.4 Purchase Price Adjustment.

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(1) For purposes of the Closing and based on the most recent ascertainable financial information of the Purchased Corporations, the parties hereto have estimated (i) the Closing Cash Amount to be $0.00, (ii) the Closing Indebtedness Amount to be [REDACTED], (iii) the Closing Transaction Expenses Amount to be [REDACTED], (iv) the Closing Finished Goods Inventory Amount to be [REDACTED], (v) the Raw Materials Inventory Amount to be [REDACTED] and, accordingly, and (vi) the Purchase Price to be [REDACTED] (the "**Estimated Purchase Price**"). The Parties acknowledge and agree the estimate of the Closing Indebtedness Amount has been prepared on the basis of the Tax Assumptions.

(2) Within 120 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 certificate (the "**Draft Closing Statement**"), together with reasonably detailed supporting documentation setting forth Buyer's calculation of (i) the Closing Cash Amount, (ii) the Closing Indebtedness Amount, (iii) the Closing Transaction Expenses Amount, (iv) the Closing Finished Goods Inventory Amount, (v) the Raw Materials Inventory Amount and using the amounts set forth in the preceding clauses (i) through (v) Buyer's calculation of the Purchase Price. The calculation of the Closing Indebtedness Amount on the Draft Closing Statement shall be prepared (i) on the basis of the Pre-Closing Transferred Assets Valuation and (ii) in accordance with clause (ii) of the Tax Assumptions, to the extent permitted by Law.

(3) Seller shall have 20 Business Days to review the Draft Closing Statement following receipt of it and Seller must notify Buyer in writing if it has any objections to the Draft Closing Statement within such 20 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 Closing Statement (subject to reasonable and customary confidentiality restrictions and customary accounting access letters).

(4) If Seller sends a Notice of Objection of the Draft Closing Statement in accordance with Section 2.4(3), 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 Closing Statement raised by Seller, the dispute will be submitted for determination to the Accountant. 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.

(5) 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 Closing Statement and such Draft Closing Statement will be final, conclusive and binding upon the parties, and will not be subject to appeal, absent manifest error. The Draft Closing Statement will become the "**Closing Statement**" on the next Business Day following the end of such 20 Business Day period.

(6) If Seller sends a Notice of Objection in accordance with Section 2.4(3), the Parties shall revise the Draft Closing Statement to reflect the final resolution or final determination of such objections under Section 2.4(4) within two (2) Business Days following such final resolution or determination. Such revised Draft Closing Statement will be final, conclusive and binding upon the parties, and will not be subject to appeal, absent manifest error. The Draft Closing Statement will become the "**Closing Statement**" on the next Business Day following revision of the Draft Closing Statement under this Section 2.4(6).

(7) 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 Closing Statement. In the case of a dispute and the retention of the Accountant to determine such dispute, the costs and expenses of the Accountant will be borne based on the percentage which the portion of the contested amount not awarded to each party bears to the amount actually contested by or on behalf of such party. However, Seller and Buyer shall each bear their own costs in presenting their respective cases to the Accountant.

(8) The Parties agree that the procedure set forth in this Section 2.4 for resolving disputes with respect to the Draft Closing Statement is the sole and exclusive method of resolving such disputes, absent manifest error. This Section 2.4 will not prohibit any party from instigating litigation to compel specific performance of this Section 2.4 or to enforce the determination of the independent firm of chartered accountants.

(9) If the Purchase Price determined from the Closing Statement is more than the Estimated Purchase Price, Buyer shall pay to the Seller the amount of such difference, dollar-for-dollar. If the Purchase Price determined from the Closing Statement is less than the Estimated Purchase Price, Buyer shall have the right to either: (i) receive a distribution equal to the amount of such difference from the Escrow Account, and Seller shall, and Seller Parent shall cause Seller to, replenish such amount into the Escrow Account within five (5) days after such amount is released by the Escrow Agent to Buyer; and/or (ii) require Seller and Seller Parent, jointly and severally, to pay to Buyer the amount of such difference, dollar-for-dollar.

(10) Any payment to be made pursuant to this Section 2.4 shall be made by wire transfer of immediately available funds within five (5) Business Days after the Draft Closing Statement becomes the Closing Statement in accordance with Section 2.4(5) or Section 2.4(6), as the case may be. All payments made under this Section 2.4 shall be treated by the Parties as adjustments to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 2.5 Withholding Tax.

Buyer shall be entitled to deduct and withhold from the Purchase Price all taxes that Buyer may be required to deduct and withhold under any applicable Tax Laws. All such withheld amounts shall be treated as delivered to Seller hereunder. Notwithstanding the foregoing, Buyer acknowledges that, assuming Seller delivers the certificate and notice set forth in Section 6.1(l), it does not currently intend to withhold any amounts having regard to the applicable facts and current Law. If the Buyer becomes aware of any obligation to withhold (other than any deduction or withholding (x) in respect of payments treated as compensation for U.S. federal income Tax purposes or (y) as a result of a failure to deliver the

certificate and notice set forth in Section 6.1(l)), it shall notify the Seller promptly prior to making any payment that would be subject to withholding and shall cooperate with the Seller to take commercially reasonable steps to reduce any such withholding under applicable Law.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES RELATING TO THE PURCHASED CORPORATIONS

Section 3.1 Representations and Warranties Relating to the Purchased Corporations.

Seller and Seller Parent jointly and severally represent and warrant as follows to Buyer and acknowledges that Buyer is relying upon the representations and warranties in connection with its purchase of the Purchased Shares, and, for greater certainty, none of the representations or warranties in this Article 3 shall relate to the Pre-Closing Transferred Assets.

(a) **Incorporation and Qualification.** Each of the Purchased Corporations is incorporated and existing under the Laws of their jurisdictions of incorporation and each has the corporate power to own and operate its property and carry on its business.

(b) **No Conflict.** Other than as disclosed in Section 3.1(b) of the Disclosure Schedules, the filings, notifications and Authorizations described in Section 3.1(c) of the Disclosure Schedules, and the consents, approvals and waivers described in Section 3.1(d) of the Disclosure Schedules, the execution of this Agreement and each of the Transaction Documents and the performance and consummation of any transactions contemplated by this Agreement and each of the Transaction Documents:

(i) do not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its or the Purchased Corporations' constating documents or by-laws;

(ii) do not constitute or result in a breach of, or allow any Person to exercise any rights or accelerate any obligations under any Material Contract which would adversely effect the Purchased Corporations or the Purchased Assets in any material respect;

(iii) do not result in a breach of, or cause the termination or revocation of, any Authorization held by the Purchased Corporations that is necessary to the ownership of the Purchased Shares or ownership of the Purchased Assets and which would adversely effect the Purchased Corporations or the Purchased Assets in any material respect; and

(iv) do not result in the violation of any Law which would adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(c) **Required Authorizations.** Except as disclosed in Section 3.1(c) of the Disclosure Schedules, no filing with, notice to, or Authorization of, any Governmental Authority is required on the part of the Purchased Corporations as a condition to the lawful execution and delivery of this Agreement and the Transaction Documents or the completion of the transactions contemplated by this Agreement or the Transaction Documents, where the failure to make such filing, give notice or obtain such Authorization would adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(d) **Required Consents.** Except as disclosed in Section 3.1(d) of the Disclosure Schedules, there is no requirement to deliver any notice or obtain any consent, approval or waiver of a party under any Contract that the Purchased Corporations are a party to, or for the execution and delivery of this Agreement and the Transaction Documents or the completion of the transactions contemplated by this Agreement or the Transaction Documents, where the failure to obtain such consent or deliver such notice would adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(e) **Execution and Binding Obligation.** Each of the Purchased Corporations has full power and authority to execute and deliver this Agreement and each of the Transaction Documents to which it is or is specified to be, a party and to consummate the transactions contemplated hereby and thereby. This Agreement and each of the Transaction Documents to which each Purchased Corporation is a party has been duly authorized by all necessary corporate action, and has been duly executed and delivered by the Purchased Corporations, and constitutes a legal, valid and binding obligation of the Purchased Corporations, enforceable against the Purchased Corporations in accordance with its terms, subject only to any limitation under Laws relating to: (a) bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; and (b) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(f) **Authorized and Issued Capital.** Section 3.1(f) of the Disclosure Schedules sets out, in respect of each Purchased Corporation: (a) the authorized share capital; and (b) the issued and outstanding share capital, all of which (and no more), (A) have been duly issued in compliance with all applicable Laws and are outstanding as fully paid and non-assessable, and (B) have been issued in compliance with all applicable Laws. The securities set out in Section 3.1(f) of the Disclosure Schedules are the only capital stock or other equity securities (including any convertible securities) of the Purchased Corporations and are not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of applicable Law, the constating documents and by-laws of the Purchased Corporations or any Contract to which any Purchased Corporation is a party or otherwise bound. There are no stock appreciation rights, phantom stock or similar rights in existence with respect to the Purchased Corporations. There are no outstanding bonds, debentures, notes or other indebtedness of the Purchased Corporations having the right to vote (or that are convertible into, or exercisable or exchangeable for, securities having the right to vote) on any matters on which holders of the share capital may vote.

(g) **No Other Agreements to Purchase.** Except as set out in Section 3.1(g) of the Disclosure Schedules and Buyer's right under this Agreement, no Person has any Contract, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual granted by the Purchased Corporations) capable of becoming such for the purchase, repurchase, redemption, subscription, allotment or issuance of any securities of the Purchased Corporations.

(h) **Corporate Records.** Each of the Purchased Corporations' corporate records are complete and accurate in all material respects, and include the articles and by-laws, minutes of meetings and resolutions of shareholders and directors, and the share certificate books, securities register, register of transfers and register of directors, all of which have been delivered or made available to the Buyer.

(i) **Authorizations.**

(i) Each of the Purchased Corporations is qualified, licensed or registered to carry on business relating to the Purchased Assets in the jurisdictions listed in Section 3.1(i) of the Disclosure Schedules, except where the failure to be so qualified, licensed or registered would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(ii) Each of the Purchased Corporations has all Authorizations which are necessary for it to own the Purchased Assets, except where the failure to do so would not have a Material Adverse Effect. Such Authorizations are valid, subsisting and in good standing and there are no outstanding defaults or breaches under them on the part of the Purchased Corporations which would have a Material Adverse Effect.

(j) **Subsidiaries.** Other than Covalon US Holdco's ownership of all of the issued and outstanding common shares of Covalon US OpCo and as disclosed at Section 3.1(i) of the Disclosure Schedules, each of the Purchased Corporations has no subsidiaries and hold no shares or other ownership, equity or proprietary interests in any other Person.

(k) **The Assets Generally.**

(i) Except as set forth on Section 3.1(k) of the Disclosure Schedules, each of the Purchased Corporations owns good, clear and marketable title to, or holds pursuant to valid and enforceable leases, all of the Purchased Assets, free and clear of all Liens, except for Permitted Liens. No other Person owns any material assets used by the Purchased Corporations except for those assets set forth on Section 3.1(k) of the Disclosure Schedules.

(ii) Except as set forth on Section 3.1(k) of the Disclosure Schedules, all the Purchased Assets are in good and serviceable condition (subject to normal wear and tear and immaterial damage or impairments of value) and are generally suitable for the uses for which they are intended.

(iii) Except (a) as set forth on Section 3.1(k) of the Disclosure Schedules, (b) for (i) the assets set out in Section 1.1(d)(b)(A) of the Disclosure Schedules; and (ii) the assets set out in Section 1.1(d)(b)(B) of the Disclosure Schedules, (c) for the employment of the Transferred Employees, and (d) for the provision of any services being provided under the Transition Services Agreement, the Purchased Assets constitute all of the material properties and material assets (tangible and intangible) necessary to operate the moisture barrier technology business of the Seller Parent and its Affiliates substantially in the same manner as it was conducted by Seller Parent and its Affiliates prior to Closing.

(l) **No Options, etc. to Purchase Assets.** No Person has any contractual right or privilege for the purchase or other acquisition from the Purchased Corporations of the Purchased Assets.

(m) **Conduct of Business.** Except as set forth on Section 3.1(m) of the Disclosure Schedules, since September 30, 2020, Seller and Seller Parent have not, solely with respect to the Purchased Corporations: (a) sold, transferred or otherwise disposed of any of the Purchased Assets except in the ordinary course of business; (b) suffered any casualty,

damage or destruction or loss, or any material interruption in use, of the Purchased Assets (whether or not covered by insurance); (c) except as contemplated by the Pre-Closing Transactions, made or suffered any material change in the conduct or nature of any aspect of its business; (d) waived any right or canceled or compromised any debt or claim, other than in the ordinary course of business; (e) made (or committed to make) capital expenditures in an amount that exceeds $50,000 individually, or $100,000 in the aggregate; (f) except as contemplated by the Pre-Closing Transactions, borrowed any money or issued any bonds, debentures, notes or other corporate securities evidencing money borrowed or otherwise incurred any Indebtedness not reflected on the Financial Statements; (g) made any change in its accounting methods, principles or practices not specifically identified on the Financial Statements; (h) acquired any business (whether by acquisition of assets or securities, merger or otherwise) or any other material assets (other than purchases of Inventory in the ordinary course of business); (i) purchased, redeemed or otherwise retired any securities; (j) except as contemplated by the Pre-Closing Transactions, issued, sold or transferred any securities, including any capital stock, bonds or debt securities; (k) terminated or caused the termination of a Material Contract relating to the Purchased Assets; (l) settled any litigation; (m) entered into any collective bargaining or other agreement with a labor organization; (n) maintained its Inventory at levels other than in accordance with past practices; (o) revalued its Inventory in a manner inconsistent with the Financial Statements; or (p) sold, assigned, transferred, leased, licensed, encumbered, abandoned or permitted to lapse any of its material Owned IP except for non-exclusive licenses granted in the ordinary course of business.

(n) **Related Party Transactions.** Except as set forth on Section 3.1(n) of the Disclosure Schedules and except as contemplated by the Pre-Closing Transactions, neither Seller Parent or its Affiliates nor any director, officer, partner, executor or trustee of Seller Parent: (i) has any ownership interest in any of the Purchased Assets (other than in its capacity as a shareholder of Seller Parent or Seller); (ii) has any claim or cause of action against the Purchased Corporations; (iii) owes any money to the Purchased Corporations or is owed money from the Purchased Corporations; (iv) is a party to, or has any financial interest in, any Contract with the Purchased Corporations, or otherwise has any material relationship with, or ownership interest in, any of the customers, suppliers, service providers, licensees, competitors or other business relations in connection with or associated with the Purchased Assets; or (v) provides services or resources to the Purchased Corporations or is dependent on services or resources provided by the Purchased Corporation.

(o) **Real Property.** The Purchased Corporations do not and have never owned any real property or any interest in any real property. The Purchased Corporations are not a party to, or under any agreement to become a party to, any lease with respect to real property other than the leases and leased properties described in Section 3.1(o) of the Disclosure Schedules. Such leases are in full force and effect and are unamended and there are no outstanding defaults or breaches under any of them on the part of the Purchased Corporations which would be material to the Purchased Corporations.

(p) **Material Contracts.** All Contracts, licenses, leases and instruments relating to the Purchased Assets to which the Purchased Corporations are a party or bound by, that: (A) (i) limits or purports to limit the ability of the Purchased Corporations to compete in any line of business or with any Person or in any geographic area during any period of time; (ii) contains any exclusivity requirement or any restrictions or requirements with respect to purchase or sale volumes; (iii) provides any direct customer or distributor with “most favored nation” pricing provisions; or (iv) relates to material Intellectual Property used in

connection with the ownership or operation of the Purchased Assets or under which any Person grants rights in any Owned IP, excluding non-exclusive licenses granted to customers in the ordinary course of business and any off-the-shelf software licenses; (B) provide for the expenditure of $25,000 or more during the most recently completed twelve month period; or (C) involve monetary commitments in excess of $25,000 per annum, have a term of one (1) year or more and cannot be cancelled on notice of 90 days or less (collectively, the "**Material Contracts**") are listed in Section 3.1(p) of the Seller Disclosure Schedules. Each of the Material Contracts is valid and binding on the Purchased Corporations and, to the knowledge of Seller, the counterparties thereto, and is in full force and effect. There are no outstanding defaults or material breaches under any of the Material Contracts on the part of the Purchased Corporations or, to the knowledge of Seller, the counterparties thereto. The Purchased Corporations (i) have not received any written notice of the intention of any Person to terminate any Material Contract and (ii) are not currently renegotiating or paying liquidated damages in lieu of performance under any Material Contract. True and complete copies of all Material Contracts, including all modifications, amendments and supplements thereto and waivers thereunder (or, in the case of any oral Material Contracts, complete and accurate summaries thereof) have been delivered or made available to Buyer prior to the date of this Agreement. Other than as set forth on Section 1.1(d)(b)(A) of the Disclosure Schedules, all Contracts with customers to which the Purchased Corporations are a party or bound by and under which AquaGuard branded products (sheets, boots and gloves) are sold are set forth on Schedule 1.1(a) of the Disclosure Schedules. The Purchased Corporations are not party to any Contracts (excluding any purchase orders) with suppliers with respect to AquaGuard branded products (sheets, boot and gloves).

(q) **Customers and Suppliers.** Section 3.1(q) of the Disclosure Schedules sets forth a list of: (i) each Significant Customer and the dollar volume billed to each such Person by the Purchased Corporations relating to the Purchased Assets during the 12 month period ended September 30, 2020 and the 6 month period ended March 31, 2021; and (ii) each Significant Supplier and the dollar volume of the Purchased Corporations' purchases from each such Person relating to the Purchased Assets during the 12 month period ended September 30, 2020 and the 6 month period ended March 31, 2021. Except as set forth in Section 3.1(q) of the Disclosure Schedules and since September 30, 2020, no Significant Customer or Significant Supplier has cancelled or terminated or demanded a material change in the pricing or other terms of its business relationship with the Purchased Corporations or notified either of the Purchased Corporations of any intention to do any of the foregoing. Except as set forth in Section 3.1(q) of the Disclosure Schedules, the Purchased Corporations are not in any material dispute with any Significant Customer or Significant Supplier and, to the knowledge of Seller, no such Person intends to terminate, limit or reduce its business relationship with the Purchased Corporations, or materially change the pricing or other terms of its business relating to the Purchased Assets.

(r) **No Material Adverse Effect.** Since December 31, 2020, there has not been any Material Adverse Effect, and no event has occurred or circumstance exists which would reasonably be expected to result in such a Material Adverse Effect.

(s) **Financial Information.** Section 3.1(s) of the Disclosure Schedules sets forth (i) the Financial Statements and (ii) for each "stock keeping unit" of the Purchased Assets for the fiscal years ended September 30, 2020 and September 30, 2019 and for the six (6) months ended March 31, 2021, (A) total net revenue and (B) gross profit. The Financial Statements fairly present in all material respects the financial condition and the results of

operations, cash flows and changes in retained earnings of the Purchased Corporations as of the respective dates of and for the periods referred to in the Financial Statements and have been prepared in accordance with IFRS, other than de minimis deviations therefrom.

(t) **No Liabilities.** Except as set forth in Section 3.1(t) of the Disclosure Schedules, the Purchased Corporations have no liabilities (whether absolute or contingent, asserted or unasserted, known or unknown, primary or secondary, direct or indirect, and whether or not accrued), except for: (i) liabilities reflected or reserved against in the Financial Statements; (ii) current liabilities incurred since March 31, 2021, which liabilities were incurred in the ordinary course of business and (iii) liabilities which are not in excess of $25,000 individually.

(u) **Indebtedness; Inventory.** None of the Purchased Corporations have any Indebtedness, except as disclosed on Section 3.1(u) of the Disclosure Schedules. All Inventory that is a Purchased Asset (a) has been acquired or manufactured in the ordinary course of business and (b) consists of items of a quality and quantity usable and saleable in the ordinary course of business. No material amount of Inventory is damaged, defective or obsolete.

(v) **Intellectual Property.**

(i) Section 3.1(v)(i) of the Disclosure Schedules lists all Owned IP and all Intellectual Property licensed to the Purchased Corporations or, as between the Seller Parent and its Affiliates (excluding the Purchased Corporations) and the Purchased Corporations, exclusively used by the Purchased Corporations in connection with the Purchased Assets. Each of the Purchased Corporations own all right, title and interest in and to all Owned IP free and clear of all Liens and each of the Purchased Corporations has the right to use all Owned IP relating to the Purchased Assets. With respect to the registered Owned IP (and, as applicable, with respect to any applications therefor) listed on Section 3.1(v)(i) of the Disclosure Schedules, (i) all such Intellectual Property is valid, subsisting and in full force and effect and (ii) each of the Purchased Corporations has paid all maintenance fees and made all filings required to maintain its ownership thereof. For all such registered Owned IP, Section 3.1(v)(i) 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.

(ii) Except as set forth in Section 3.1(v)(ii) of the Disclosure Schedules, to the knowledge of the Seller, no claims have been asserted or are threatened by any Person alleging that the Purchased Corporations, including the use of the Intellectual Property owned by, licensed to or used by each of the Purchased Corporations and the use or sale of the products of the Purchased Assets, infringes upon, misappropriates, or otherwise conflicts with any Intellectual Property rights. To the knowledge of Seller, there are no valid grounds for any such *bona fide* claims by any such Persons alleging misappropriation of, a conflict with or infringement of the Intellectual Property rights of any Person. 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 each of the Purchased Corporations as it relates to the Purchased Assets. None of the Purchased Corporations, or the use or sale of the products of the Purchased Assets infringes upon, misappropriates, or otherwise conflicts with or

has since the Incorporation Date infringed upon, misappropriated, or otherwise conflicted with, the Intellectual Property rights of any Person. To the knowledge of Seller, no Person is infringing upon, misappropriating, or otherwise conflicting with or has since the Incorporation Date infringed upon, misappropriated, or otherwise conflicted with any Owned IP as it relates to the Purchased Assets.

(iii) Except with respect to any services being provided under the Transition Services Agreement, the Intellectual Property owned by or licensed to each of the Purchased Corporations or which each of the Purchased Corporations otherwise has the right to use constitutes all Intellectual Property necessary for the exploitation of the Purchased Assets as presently exploited by the Purchased Corporations. Except as set forth in Section 3.1(v)(iii) 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 each of the Purchased Corporations to the same extent and in the same manner as used, practiced and exercised by the Purchased Corporations prior to Closing without financial obligation to any Person.

(iv) The Purchased Corporations have taken commercially reasonable measures to protect the confidentiality of all trade secrets and other material confidential information in the Owned IP as it relates to the Purchased Assets. Except as set forth in Section 3.1(v)(iv), each current and former employee, consultant and contractor of the Purchased Corporations who materially contributed to the development of any Owned IP as it relates to the Purchased Assets has executed a written contract assigning all right, title and interest of such employee, consultant or contractor in such Intellectual Property to one of the Purchased Corporations and agreeing to confidentiality provisions protective of the confidential information of the Purchased Corporations.

(w) **Compliance With Laws.** Each of the Purchased Corporations is, and since their Incorporation Date, have been, in compliance with all applicable Laws in all material respects. The Purchased Corporations are not a party to or bound by any decree, order or arbitration award (or any agreement entered into in any administrative, judicial or arbitration proceeding with any Governmental Authority).

(x) **Litigation.** Other than as disclosed at Section 3.1(x) of the Disclosure Schedules, there are no, and since the Incorporation Date, there have been no, actions, litigation, suits, appeals, claims, applications, orders, investigations, proceedings, grievances, hearings, inquiries, audits, examinations, arbitrations or alternative dispute resolution processes (each, an "**Action**") in progress, pending, or, to the knowledge of Seller, threatened against the Purchased Corporations, which (a) if determined adversely to the Purchased Corporations, would adversely effect the Purchased Corporations or the Purchased Assets in any material respect or (b) seeks to prohibit, restrict or enjoin the transactions contemplated by this Agreement.

(y) **Permits.** The Purchased Corporations have been granted all Permits associated with ownership and operation of the Purchased Assets, except where the failure to have such Permits would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect. Each such Permit is set forth on Section 3.1(y) of the Disclosure Schedules. Each Permit is in full force and effect and, to the knowledge of Seller, no suspension or cancellation of any such Permit is threatened. The Purchased Corporations

have filed all material reports, notifications and filings with, and have paid all regulatory fees to, the applicable Governmental Authority necessary to maintain all of such Permits in full force and effect as of the date hereof. The Purchased Corporations are in material compliance with the terms and conditions of each Permit, and, to the knowledge of Seller, each Permit issued to or held by the Purchased Corporations will continue in full force and effect following the Closing without requiring the consent or approval of any party.

(z) **Employees and Employee Benefit Plans.**

(i) Each of the Purchased Corporations: (A) is, and at all times has been, in compliance in all material respects with all applicable Labor Laws; (B) 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; (C) has no liability for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing; and (D) 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).

(ii) There are no actions, suits, claims, charges, complaints, audits, investigations, or administrative matters pending, or, to the knowledge of Seller, threatened against any of the Purchased Corporations or any of its Employees relating to any Employee currently or previously employed by the Purchased Corporations, any independent contractors, or with respect to any employment or consulting contracts or any Employee Benefit Plan (other than routine claims for benefits).

(iii) Each material Employee Benefit Plan is listed in Section 3.1(z) of the Disclosure Schedules. Except as could not reasonably be expected to result in liability to Buyer or its Affiliates (including, following the Closing, the Purchased Corporations), each Employee Benefit Plan has been maintained and operated in compliance in all material respects with the applicable requirements of the Code, ERISA and the regulations issued thereunder and any other applicable Law. Each Employee Benefit Plan that is intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the U.S. Internal Revenue Service as to its qualification under the Code, and to the knowledge of Seller, no event has occurred that would reasonably be expected to adversely affect such qualification.

(iv) Neither of the Purchased Corporations nor any ERISA Affiliate maintains, sponsors or contributes to (or is required to contribute to), or has any liability with respect to, any plan subject to Section 302 or Title IV of ERISA or Section 412 of the Code or any multiemployer plan (as defined in Section 3(37) of ERISA). No Employee Benefit Plan provides for or promises, and neither of the Purchased Corporations provides or has promised or has any obligation to provide, welfare benefits (including medical, disability or life insurance benefits) to any current or former employee or officer of either Purchased Corporation (or any dependent thereof) following such person's termination of employment with the Purchased Corporations, except for the coverage continuation requirements of COBRA. No Employee Benefit Plan provides, or has any obligation to provide, welfare

benefits to any person who is not a current or former employee of either Purchased Corporation, and no Employee Benefit Plan is a "multiple employer welfare arrangement" (within the meaning of Section 3(40)(A) of ERISA). None of the Purchased Corporations or any ERISA Affiliate has any liability (including contingent liability) on account of any violation of COBRA or any similar Law.

(v) There has not been any prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, with respect to any Employee Benefit Plan for which any Purchased Corporation could have any liability.

(vi) Neither the execution of this Agreement nor the consummation of the transactions contemplated herein (either alone or together with any other event) (i) entitles any employee, director, officer, independent contractor or other service provider of any Purchased Corporation to any payment (including severance pay or similar compensation), any cancellation of indebtedness or any increase in severance pay, or (ii) accelerates the time of payment, funding or vesting under any Employee Benefit Plan, or increase the amount of compensation or benefits due to any such employee, director, officer, independent contractor or service provider, or create any rights in any such person. The Purchased Corporations do not have any obligation to make a "gross-up" or similar payment for any Tax imposed pursuant to Section 409A, 457A or 4999 of the Code.

(vii) None of the Purchased Corporations are or have been a party to, are or have been bound by, are or have been negotiating, or have been asked to negotiate a collective bargaining agreement or other agreement or understanding with any labor organization. There is not currently, nor, to the knowledge of the Seller, has there been, any effort by any labor union to organize any Employees of the Purchased Corporations or to demand recognition for purposes of collective bargaining. None of the Purchased Corporations are or have been a party to any dispute or controversy with a labor union or with respect to unionization or collective bargaining involving any of their current or former employees (including any actual or threatened labor strikes, work slowdowns, lock-outs, work stoppages, interruptions of work, picketing, arbitrations, grievances, unfair labor practice charges or proceedings, or other disputes involving a labor organization or with respect to unionization or collective bargaining), and none are pending or, to the knowledge of the Seller, threatened.

(viii) The Purchased Corporations are and have been in full compliance with the WARN Act, and none of the Purchased Corporations have taken any action that would at any time require notification of any of current or former employees pursuant to the provisions of the WARN Act or that would cause the Purchased Corporations to have liability thereunder.

(aa) **Taxes.** The Purchased Corporations have paid all Taxes which are due and payable within the time required by applicable Law, and has paid all assessments and reassessments it has received in respect of Taxes. Each of the Purchased Corporations has made full and adequate provision in the books and records and the Financial Statements for all Taxes which are not yet due and payable but which relate to periods ending on or before the Closing Date. Each of the Purchased Corporations has withheld and collected all amounts required by applicable Law to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority

within the time prescribed under any applicable Law. Each of the Purchased Corporations has timely filed or caused to be timely filed all income and other material Tax Returns which are required to be filed by it. All such Tax Returns are materially complete and accurate and disclose all Taxes required to be paid by or with respect to such Purchased Corporation for the periods covered thereby in all material respects. There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, the Purchased Corporations. There is no action, suit, investigation, audit, claim or assessment pending or proposed or threatened with respect to Taxes for which any Purchased Corporation may be liable. No taxing jurisdiction in which any Purchased Corporation has not filed a particular type of Tax Return or paid a particular type of Tax has asserted that such Purchased Corporation is required to file such Tax Return or pay such type of Tax in such taxing jurisdiction. There are no Tax rulings, requests for rulings, or closing agreements relating to Taxes for which any Purchased Corporation may be liable that could affect a Purchased Corporation's liability for Taxes for any taxable period ending after the Closing Date. None of the Purchased Corporations has been a member of any Company Group other than each Company Group of which it is presently a member. None of the Purchased Corporations has any liability for Taxes of another Person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law) other than with respect to a member of any Company Group in which such Purchased Corporation presently is a member, under any agreement or arrangement, as a transferee or successor, or by contract or otherwise. None of the Purchased Corporations has participated in any "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2) and, with respect to each transaction in which any Purchased Corporation has participated that is a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(1), such participation has been properly disclosed on IRS Form 8886 (Reportable Transaction Disclosure Statement) and on any corresponding form required under state, local or other law. Since the Incorporation Date, none of the Purchased Corporations has been a party to any transaction treated by the parties thereto as one to which Section 355 of the Code (or any similar provision of state, local or foreign law) applied.

(bb) **Insurance.** Section 3.1(bb) of the Disclosure Schedules contains a true and correct list and description (including coverages, deductibles and expiration dates) of all insurance policies currently owned by the Purchased Corporations or that currently name the Purchased Corporations as an insured, and Buyer has previously been provided with full and complete copies of all such policies prior. All insurance policies set forth on Section 3.1(bb) of the Disclosure Schedules are in full force and effect, and none of the Seller Parent nor the Purchased Corporations has received notice of termination or non-renewal of any such insurance policies (and, to the knowledge of Seller, no such termination or non-renewal is threatened). The Purchased Corporations are not in breach of or default under any insurance policy, nor has the Purchased Corporations failed to give any notice of any material claim under any such policy in due and timely fashion. Since the Incorporation Date, none of the Seller Parent nor the Purchased Corporations have received any notice or other communication regarding any actual or possible (a) cancellation of any insurance policy or refusal of coverage thereunder, (b) refusal of coverage or rejection of any claim under any insurance policy, or (c) material adjustment in the amount of the premiums payable with respect to any insurance policy.

(cc) **Product Liability.** Since the Incorporation Date, the Purchased Corporations have not incurred any uninsured or insured liability from the sale of products, or received a

product liability claim, and, to the knowledge of Seller, no basis for any such claim exists. Since the Incorporation Date, the Purchased Corporations have not received any notice of any claim that any product offered for sale or sold or distributed by the Purchased Corporations is injurious to the health and safety of any person or is not in conformity with its specifications or not suitable for any purpose or application for which it is offered for sale, sold or distributed. There are no material outstanding returns of products sold by the Purchased Corporations from customers which have not been recorded in the Purchased Corporations' books and, to the knowledge of Seller, there are no issues relating to products delivered by the Purchased Corporations that the Purchased Corporations reasonably expect to give rise to a material number of product returns.

(dd) **Warranties.** The Purchased Corporations have not made any oral or written warranties with respect to the quality or performance of any product or service manufactured, sold, leased or delivered by the Purchased Corporations which are in force as of the date hereof except in the ordinary course of business or as described on Section 3.1(dd) of the Disclosure Schedules. There are no claims pending, anticipated or, to the knowledge of the Seller, threatened against the Purchased Corporations with respect to a material breach of such warranties. All products manufactured or sold, and all services provided, by the Purchased Corporations have complied, and are in compliance, in all material respects with all contractual requirements, warranties or covenants, express or implied, applicable thereto, and with all applicable governmental or regulatory specifications therefor or applicable thereto, including FDA regulations.

(ee) **Environmental.** Except as set forth in Section 3.1(ee) of the Disclosure Schedules, the Purchased Corporations, and the properties, assets and operations of the Purchased Corporations have been and are in compliance in all material respects with all Environmental Laws. The Purchased Corporations have not used, handled, manufactured, treated, processed, stored, generated, Released, disposed of, arranged for or permitted the disposal of, or transported any Hazardous Substances except in compliance in all material respects with all applicable Environmental Laws. There are no pending, or to the knowledge of the Seller, threatened Environmental Claims against the Purchased Corporations. There has been no Release of, nor are there present any Hazardous Substances at, on, or under any of the properties or, to the knowledge of Seller, any real property formerly owned, leased or operated by the Purchased Corporations in concentrations or under circumstances that would reasonably be expected to result in material liability to the Purchased Corporations under Environmental Law. Notwithstanding any other provision of this Agreement, the representations and warranties in this Section 3.1(ee) are Seller's and Seller Parent's sole representations and warranties with respect to environmental matters.

(ff) **Legal Compliance.**

(i) Since the Incorporation Date and except for acts of non-compliance which would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect, the Purchased Corporations are and have been in compliance with all applicable Laws, including those administered by any Medical Product Regulatory Authority (including the FDCA), applicable Healthcare Laws, those relating to health information privacy, privacy or security of medical records, patient information or other personal information applicable to the Purchased Corporations (including HIPAA, HITECH and their implementing regulations) and all applicable Anti-Corruption Laws, Anti-Money-Laundering Laws and

Customs & International Trade Laws. Except for acts of non-compliance which would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect, no product is either adulterated or misbranded as those terms are defined by the FDCA.

(ii) Since the Incorporation Date and except for acts of non-compliance which would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect, the Purchased Corporations have made all required filings with, or notifications to, all Medical Product Regulatory Authorities pursuant to applicable requirements of all Laws, including the FDCA.

(iii) Neither the Purchased Corporations nor any of their officers, employees, or to the knowledge of Seller, contractors or agents is the subject of any pending or threatened investigation by FDA pursuant to its “Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities” policy as stated at 56 Fed. Reg. 46191 (September 10, 1991) (the “**FDA Application Integrity Policy**”) and any amendments thereto, or by any other similar Governmental Authority pursuant to any similar policy. Except for acts of non-compliance which would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect, neither the Purchased Corporations nor any of their officers, employees, or to the knowledge of Seller, contractors, and agents has committed any act, made any statement or failed to make any statement that would reasonably be expected to provide a basis for FDA to invoke the FDA Application Integrity Policy or for any other Governmental Authority to invoke a similar policy. Except for acts of non-compliance which would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect, neither the Purchased Corporations nor any of their officers, employees, or to the knowledge of Seller, its agents have made any false statements on, or omissions from, any notifications, applications, approvals, reports and other submissions to any Medical Product Regulatory Authority.

(iv) To the knowledge of Seller, since the Incorporation Date, all manufacturing operations for the products of the Purchased Corporations have been and are being conducted in material compliance with the FDA Quality System Regulation, Good Manufacturing Practices, and any similar requirements of any Medical Product Regulatory Authority, in each case, as they relate to the respective class of products.

(v) Since the Incorporation Date, neither the Purchased Corporations nor any of their officers or employees, or to the knowledge of Seller, contractors or agents have received any notice from any Governmental Authority of any violation of any Law concerning any product of the Purchased Corporation or concerning the ownership, development, testing, manufacturing, operation, storage, distribution, warehousing, packaging, labeling, handling, reimbursement, sale, promotion, and/or marketing of any such product, including any notice of adverse inspection, finding of deficiency, or finding of non-compliance, Warning or Untitled Letter, safety alert, mandatory or voluntary recall, field notification, seizure, penalty for corrective or remedial action or other compliance or enforcement action. Neither the Purchased Corporations nor any of their officers, employees, or to the knowledge of Seller, contractors or agents have received any notice of any actual or threatened investigation, inquiry, inspection, or audit of, or Action against, the Purchased Corporations or their officers, employees,

contractors, or agents involving allegations of a violation of any Law concerning the products of the Purchased Corporations or the development, testing, manufacturing, operation, storage, distribution, warehousing, packaging, labeling, handling, sale, promotion, and/or marketing thereof. To the knowledge of Seller, there is no act, omission, event, or circumstance relating to the activities of the Purchased Corporations or any of their officers or employees or their conduct that would reasonably be expected to give rise to or lead to any Action, demand, claim, complaint, inquiry, inspection, notice, demand letter, Warning or Untitled Letter, recall of any product, termination or suspension of sale of any product, sales or marketing restriction on any product, proceeding or request for information, or that would reasonably be expected to give rise to or lead to any associated liability, other than such acts, omissions events of circumstances that would not adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(vi) Since the Incorporation Date, the Purchased Corporations are not currently, nor have they in the past been notified of or been the subject of any pending or threatened civil, criminal or administrative suits, inspections, investigations, injunctions, claims, subpoenas, civil investigative demands, inquiries, or requests for documents or information by the Department of Justice, the Federal Bureau of Investigation, the Office of the Inspector General of the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services, any state Attorney General, state Medicaid Agency, Medicaid Fraud Control Units, or the FDA for noncompliance with any Healthcare Laws or promotional or fraud and abuse or related issues. The Purchased Corporations maintain auditing and monitoring processes and systems of internal controls that are reasonably adequate to ensure material compliance with all Healthcare Laws. The Purchased Corporations are not currently and have not, since the Incorporation Date, been: (i) subject to a corporate integrity agreement, deferred prosecution agreement, consent decree, settlement agreement or similar agreements or orders with a Governmental Authority mandating or prohibiting future or past activities, (ii) voluntarily disclosed any violations of Laws to any Governmental Authority other than where such disclosure would not adversely affect the Purchased Corporations or the Purchased Assets in any material respect, or (iii) been a defendant in any False Claims Act or similar litigation (*qui tam* or otherwise).

(vii) None of the Purchased Corporations nor their Affiliates, officers, directors, employees, or to the knowledge of Seller, contractors, agents, any individuals with direct or indirect ownership interests (or any combination thereof) of 5% or more (as those terms are defined in 42 C.F.R. § 1001.1001) in the Purchased Corporations or their Affiliates: (i) is or has in the past been excluded, suspended or debarred pursuant to 42 U.S.C. § 1320a-7 or otherwise determined to be ineligible to participate in any Federal Health Care Program or other healthcare or contracting program of any Governmental Authority; (ii) has been charged with or convicted of any offenses or crimes under any Healthcare Laws; (iii) has engaged in any conduct that has resulted in or would reasonably be expected to result in debarment or exclusion under 21 U.S.C. § § 335a(a) or 335a(b), any similar Law, or sanction by, suspension, debarment, exclusion, or ineligibility to participate in any Federal Health Care Program or other healthcare or contracting program of any Governmental Authority; or (iv) has had a civil monetary penalty assessed against it under 42 U.S.C. § 1320a-7a. Neither the

Purchased Corporations nor, to the knowledge of Seller, any employee or contractor of the Purchased Corporations has, directly or indirectly, on behalf of or with respect to the Purchased Corporations, offered, paid, solicited or received any remuneration in violation of any Healthcare Laws (including any kickback, bribe, or rebate and regardless of form, whether in money, property or services) directly or indirectly, overtly or covertly, in return for (i) referring or inducing the referral of an individual to a person for the furnishing or the arranging for the furnishing of any item or service for which payment may be made in whole or in part by any Federal Health Care Program, or (ii) purchasing, leasing, or ordering or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part by any Federal Health Care Program. The Purchased Corporations do not employ or contract with any physicians for the performance of professional or administrative services by the physician.

(viii) In the ordinary course of business, the Purchased Corporations do not access, use, disclose, collect, receive, maintain or transmit Protected Health Information (as defined in HIPAA). Except instances which would not affect the Purchased Corporations or the Purchased Assets in any material respect, the Purchased Corporations have never: (i) experienced any reportable breaches of health or personal information, or (ii) entered into any Business Associate Agreements (as defined in HIPAA).

(ix) The Purchased Corporations have not received any written or, to the knowledge of Seller, verbal notice from or been subject to any charge, proceeding or, to the knowledge of Seller, investigation or inquiry by, any Governmental Authority with respect to a violation in any material respect of any Anti-Corruption Laws, Anti-Money-Laundering Laws or Customs & International Trade Laws.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER AND SELLER PARENT

Section 4.1 Representations and Warranties of Seller and Seller Parent

Seller and Seller Parent jointly and severally represent and warrant as follows to Buyer and acknowledges that Buyer is relying upon the representations and warranties in connection with its purchase of the Purchased Shares:

(a) **Incorporation and Qualification.** Each of Seller and Seller Parent is incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power to own and operate its property and carry on its business.

(b) **No Conflict.** Other than as disclosed in Section 3.1(b) of the Disclosure Schedules, the filings, notifications and Authorizations described in Section 3.1(c) of the Disclosure Schedules, and the consents, approvals and waivers described in Section 3.1(d) of the Disclosure Schedules, the execution of this Agreement and each of the Transaction Documents and the performance and consummation of any transactions contemplated by this Agreement and each of the Transaction Documents:

(i) do not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of Seller's or Seller Parent's constating documents or by-laws;

(ii) do not constitute or result in a breach of, or allow any Person to exercise any rights or accelerate any obligations under any Material Contract which would adversely effect the Purchased Corporations or the Purchased Assets in any material respect;

(iii) do not result in a breach of, or cause the termination or revocation of, any Authorization held by Seller or Seller Parent that is necessary to the ownership of the Purchased Shares or ownership of the Purchased Assets and which would adversely effect the Purchased Corporations or the Purchased Assets in any material respect; and

(iv) do not result in the violation of any Law which would adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(c) **Required Authorizations.** Except as disclosed in Section 3.1(c) of the Disclosure Schedules, no filing with, notice to, or Authorization of, any Governmental Authority is required on the part of Seller or Seller Parent as a condition to the lawful execution and delivery of this Agreement and the Transaction Documents or the completion of the transactions contemplated by this Agreement or the Transaction Documents, where the failure to make such filing, give notice or obtain such Authorization would adversely effect the Purchased Corporations or the Purchased Assets in any material respect.

(d) **Execution and Binding Obligation.** Each of Seller and Seller Parent has full power and authority to execute and deliver this Agreement and each of the Transaction Documents to which it is, or is specified to be, a party, and to consummate the transactions contemplated hereby and thereby. This Agreement and each of the Transaction Documents to which each of Seller and Seller Parent is a party has been duly authorized by all necessary corporate action, and has been duly executed and delivered by Seller and Seller Parent, and constitutes a legal, valid and binding obligation of Seller and Seller Parent, enforceable against Seller and Seller Parent in accordance with its terms, subject only to any limitation under Laws relating to: (a) bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; and (b) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction. No approval by Seller Parent's equityholders is required in order to duly authorize the execution and delivery of this Agreement and each of the Transaction Documents, or to consummate the transactions contemplated hereby or thereby. The Purchased Assets do not constitute a sale of all or substantially all of the consolidated assets of the Seller or Seller Parent under applicable Law or under the constating documents of Seller or Seller Parent.

(e) **No Other Agreements to Purchase.** Except as set out in Section 3.1(g) of the Disclosure Schedules and Buyer's right under this Agreement, no Person has any Contract, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual granted by Seller or Seller Parent) capable of becoming such for the purchase, repurchase, redemption, subscription, allotment or issuance of any securities of the Purchased Corporations.

(f) **Title to Purchased Shares.** The Purchased Shares are owned by Seller as the registered and beneficial owner, with good title, free and clear of all Liens other than those restrictions on transfer, if any, contained in the articles of Covalon US HoldCo. Upon completion of the transactions contemplated by this Agreement, Buyer will have good and valid title to the Purchased Shares, free and clear of all Liens other than: (A) those

restrictions on transfer, if any, contained in the articles of Covalon US HoldCo; and (B) Liens granted by Buyer.

(g) **Brokers.** With the exception of Seller Parent's financial advisor, the costs of which shall be borne fully by Seller Parent, 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 or Seller Parent.

(h) **Solvency.** Immediately after giving effect to the purchase contemplated hereby, each of Seller and Seller Parent shall be solvent and shall be able to pay its debts and liabilities as they become due.

(i) **Seller and Seller Parent's Acknowledgement.** The representations and warranties by Buyer constitute the sole and exclusive representations and warranties of Buyer to Seller and Seller Parent in connection with the transactions contemplated hereby, and each of Seller and Seller Parent understand, acknowledge and agree that all other representations and warranties of any kind or nature expressed or implied, whether made by Buyer or any of its Affiliates or any of their respective managers, partners, officers, directors, employees, advisors, consultants, agents or representatives, are specifically disclaimed by Buyer.

(j) **No Seller Parent Material Adverse Effect.** Since December 31, 2020, there has not been any Seller Parent Material Adverse Effect, and no event has occurred or circumstance exists which would reasonably be expected to result in such a Seller Parent Material Adverse Effect.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Section 5.1 Representations and Warranties of Buyer

Buyer represents and warrants as follows to Seller and Seller Parent and acknowledges that Seller and Seller Parent are relying upon the representations and warranties in connection with Buyer's purchase of the Purchased Shares:

(a) **Incorporation and Qualification.** Buyer is incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power to own and operate its property and carry on its business.

(b) **No Conflict.** The execution of this Agreement and each of the Transaction Documents and the performance and consummation of any transactions contemplated by this Agreement and each of the Transaction Documents:

(i) do not constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its or Buyer's constating documents or by-laws;

(ii) do not constitute or result in a breach of, or allow any Person to exercise any rights or accelerate any obligations under any material Contract to which it is a party which would adversely effect the Buyer's ability in any material respect to consummate the transactions contemplated hereby; and

(iii) do not result in the violation of any Law which would adversely effect the Buyer's ability in any material respect to consummate the transactions contemplated hereby.

(c) **Required Authorizations.** No filing with, notice to, or Authorization of, any Governmental Authority is required on the part of Buyer as a condition to the lawful execution and delivery of this Agreement and the Transaction Documents or the completion of the transactions contemplated by this Agreement or the Transaction Documents where the failure to make such filing, give notice or obtain such Authorization would adversely effect the Buyer's ability in any material respect to consummate the transactions contemplated hereby.

(d) **Execution and Binding Obligation.** Buyer has full power and authority to execute and deliver this Agreement and each of the Transaction Documents to which it is or is specified to be a party and to consummate the transactions contemplated hereby and thereby. This Agreement and each of the Transaction Documents to which Buyer is a party has been duly authorized by all necessary corporate action, and has been duly executed and delivered by Buyer, and constitutes a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject only to any limitation under Laws relating to: (a) bankruptcy, winding-up, insolvency, arrangement and other Laws of general application affecting the enforcement of creditors' rights; and (b) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(e) **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.

(f) **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.

(g) **Financing.** Buyer has all funds on hand necessary to pay the Purchase Price.

(h) **Litigation.** There are no actions, suits, appeals, claims, applications, investigations, orders, proceedings, grievances, arbitrations or alternative dispute resolution processes in progress, pending, or to Buyer's knowledge, threatened against Buyer, which prohibits, restricts or seeks to enjoin the transactions contemplated by this Agreement.

(i) **Buyer Due Diligence.** Buyer acknowledges that it has conducted to its satisfaction an independent investigation of the business, operations, assets, liabilities and financial condition of the Purchased Corporations and the Purchased Assets and, in making the determination to proceed with the transactions contemplated by the Agreement, has relied solely on the results of its own independent investigation and the representations and warranties expressly set out in this Agreement.

(j) **Buyer Acknowledgement.** The representations and warranties by Seller and Seller Parent constitute the sole and exclusive representations and warranties of Seller and Seller Parent 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,

Purchased Assets or liabilities of the Purchased Corporations), whether made by Seller, Seller Parent or any of their Affiliates or any of their respective managers, partners, officers, directors, employees, advisors, consultants, agents or representatives, are specifically disclaimed by Seller or Seller Parent.

ARTICLE 6
CLOSING DELIVERIES

Section 6.1 Seller's Closing Deliveries.

On or prior to the date hereof, Seller shall deliver, and Seller Parent shall cause Seller to be delivered, to Buyer the following in form and substance satisfactory to Buyer, acting reasonably:

(a) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, together with evidence satisfactory to Buyer that Buyer or its nominee(s) have been entered upon the books of Covalon US HoldCo as the holder of the Purchased Shares;

(b) a certificate of status, compliance, good standing or like certificate with respect to Seller, Seller Parent and each of the Purchased Corporations issued by appropriate government officials of their respective jurisdictions of incorporation;

(c) a duly executed resignation and release of the Purchased Corporations, effective as at the Closing, by each existing director and officer of the Purchased Corporations;

(d) certified copies of: (A) the charter documents and by-laws of Seller and Seller Parent; (B) the resolutions of the board of directors of Seller and Seller Parent approving the execution, delivery and performance of this Agreement and the Transaction Documents, as applicable; and (C) a list of the directors and officers authorized to sign this Agreement and the Transaction Documents on behalf of Seller and Seller Parent, together with their specimen signatures;

(e) certified copies of: (A) the charter documents and by-laws of each Purchased Corporation; (B) the resolutions of the board of directors and sole shareholder of each Purchased Corporation approving the execution, delivery and performance of this Agreement and the Transaction Documents; and (C) a list of the directors and officers authorized to sign this Agreement and the Transaction Documents on behalf of each Purchased Corporation, together with their specimen signatures;

(f) duly executed Payoff Letters and the Call Option Notice;

(g) evidence that all security interests and other Liens on the Purchased Shares and/or in any assets of the Purchased Corporations have been released prior to or shall be released in connection with the Closing;

(h) the Transition Services Agreement, duly executed by the Seller Parent;

(i) the Escrow Agreement, duly executed by the Seller;

(j) copies of all: (A) filings, notifications and Authorizations described in Section 3.1(c) of the Disclosure Schedules; and (B) consents, approvals and waivers described in Section 3.1(d) of the Disclosure Schedules;

(k) evidence and deliverables of the pre-closing transactions of the Purchased Corporations in accordance with the steps set out in Section 6.1(k) of the Disclosure Schedules, including, without limitation, the transfer of the Pre-Closing Transferred Assets and the Pre-Closing Transferred Liabilities immediately prior to the execution of this Agreement to Covalon Technologies (USA) Ltd. (collectively, the "**Pre-Closing Transactions**");

(l) a completed and executed (i) certificate from each of Covalon US HoldCo and Covalon US OpCo certifying that each of Covalon US HoldCo and Covalon US OpCo is not, and has not been during the shorter of the periods specified in Section 897(c)(1)(A) of the Code, a "United States real property holding corporation" for purposes of Sections 897 and 1445 of the Code as required by Treasury Regulations Section 1.1445-2(c)(3) and (ii) notice to the IRS, in accordance with the requirements of Treasury Regulations Section 1.897-2(h)(2) dated as of the Closing Date, together with written authorization for Buyer to deliver such notice to the IRS on behalf of Covalon US HoldCo and Covalon US OpCo after the Closing Date, in each case, in a form reasonably acceptable to Buyer; and

(m) such other customary instruments of transfer, assumption, filings or documents, as may be required to give effect to this Agreement.

Section 6.2 Buyer's Closing Deliveries.

On or prior to the date hereof, Buyer shall deliver or cause to be delivered to Seller and Seller Parent the following in form and substance satisfactory to Seller and Seller Parent, acting reasonably:

(a) a certificate of status, compliance, good standing or like certificate with respect to Buyer issued by appropriate government official of the jurisdiction of its incorporation;

(b) certified copies of: (A) the certificate of formation and limited liability company agreement of Buyer; (B) the resolutions of the sole manager of Buyer approving the execution, delivery and performance of this Agreement and the Transaction Documents; and (C) a list of the officers authorized to sign this Agreement and the Transaction Documents, together with their specimen signatures;

(c) the Transition Services Agreement, duly executed by Buyer;

(d) the Escrow Agreement, duly executed by Buyer; and

(e) such other customary instruments of transfer, assumption, filings or documents, as may be required to give effect to this Agreement.

ARTICLE 7
CLOSING

Section 7.1 Date, Time and Place of Closing.

The completion of the transactions contemplated by this Agreement (the "**Closing**") shall take place at 8:00 a.m. (Toronto time) on the date hereof 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 7.2 Closing Procedures

Subject to satisfaction or waiver by the relevant Party of the closing deliveries set out in Article 6 on the date hereof, at the Closing, the Seller shall deliver, and Seller Parent shall cause to be delivered, actual possession of the Purchased Shares to the Buyer and upon such delivery the Buyer shall make the payments described in and in accordance with Section 2.3.

ARTICLE 8
INDEMNIFICATION

Section 8.1 Survival.

The representations and warranties and covenants or other agreements contained in this Agreement survive the Closing and continue in full force and effect for a period of 18 months after the Closing Date, except that:

(a) the Seller Fundamental Representations and the Buyer Fundamental Representations survive and continue in full force and effect for a period of six (6) years after the Closing Date;

(b) the representations and warranties set out in Section 3.1(aa) (*Taxes*) will survive and continue in full force and effect until sixty (60) days after the expiration of the 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. A tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Law;

(c) there shall be no limitation as to time for claims against a Party based on actual or intentional fraud by that Party in this Agreement;

(d) the covenants or other agreements contained in Article 8 and Article 10 of this Agreement and those other provisions of this Agreement which by their terms contemplate performance after the Closing Date shall survive until fully performed or otherwise for the period expressly contemplated by their respective terms; and

(e) if, at any time on or prior to the applicable expiration dates set forth in this Section 8.1, any Indemnified Party delivers a written notice in accordance with the terms hereof and asserting a claim for recovery under Section 8.2 or Section 8.3, as applicable, then the claim asserted in such notice shall survive the applicable expiration date until such time as such claim is fully and finally resolved.

Section 8.2 Indemnification in Favour of Buyer.

Seller and Seller Parent, jointly and severally, shall defend, indemnify and hold harmless Buyer, its Affiliates and their respective stockholders, directors, officers and employees (each a "**Buyer Indemnified Party**") from and against all claims, judgments, damages, liabilities, settlements, losses, Taxes, costs and expenses, including attorneys' fees and disbursements, including, for the avoidance of doubt, any punitive, incidental, consequential, special, indirect or exemplary damages, including any lost profits, loss of future revenue or income, loss of business reputation or opportunity, diminution of value,

or any damages based on any type of multiple, provided that Damages shall only include punitive and exemplary damages, and consequential damages that were not reasonably foreseeable, to the extent actually payable, in connection with a Third-Party Claim ("**Damages**"), arising from or relating to:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller or Seller Parent contained in this Agreement or any Transaction Document; provided, that for the purposes of determining the amount of Damages and for determining whether or not any breaches or inaccuracies of any representations or warranties have occurred, the representations and warranties of Seller and Seller Parent shall not be deemed to be qualified by "material," "in all material respects" or "material adverse effect" or any similar term or limitation;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller Parent, Seller or the Purchased Corporations pursuant to this Agreement or any Transaction Document;

(c) the Pre-Closing Transactions, the Pre-Closing Transferred Assets or the Pre-Closing Transferred Liabilities;

(d) any Indebtedness or Transaction Expenses to the extent not deducted from the Purchase Price as adjusted pursuant to Section 2.4;

(e) any violations of any applicable employment or Labor Law, including the Warn Act, and any employee benefit or compensation plan or arrangement with respect to which the Purchased Corporations could, prior to Closing, have any liability (including without limitation any Employee Benefit Plan); and

(f) any Seller Taxes to the extent not deducted from the Purchase Price as adjusted pursuant to Section 2.4.

Section 8.3 Indemnification in Favour of Seller.

Subject to the limitation contained herein, Buyer shall defend, indemnify and hold harmless Seller, Seller Parent and their respective Affiliates (each, a "**Seller Indemnified Party**") from and against all Damages directly or indirectly arising out of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or any Transaction Document; provided, that for the purposes of determining the amount of Damages and for determining whether or not any breaches or inaccuracies of any representations or warranties have occurred, the representations and warranties of Buyer shall not be deemed to be qualified by "material," "in all material respects" or "Material Adverse Effect" or any similar term or limitation; and

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or any Transaction Document.

Section 8.4 Limitations on Indemnification.

(1) Seller and Seller Parent shall have no obligation to make any payment for Damages for indemnification with respect to the matters described in Section 8.2(a) until the total amount of all Damages suffered with respect to such matters exceeds one percent (1%) of the Base Purchase

Price, and then only for the amount by which such Damages exceeds one percent (1%), up to a maximum amount of ten percent (10%) of the Base Purchase Price.

(2) Notwithstanding anything herein to the contrary, Section 8.4(1) shall not apply to claims: (a) relating to Seller Fundamental Representations; or (b) based on actual or intentional fraud of the Seller or Seller Parent. The full amount of Damages under claims relating to Seller Fundamental Representations will be subject to indemnification, up to a maximum of one hundred per cent (100%) of the Base Purchase Price.

(3) Buyer shall have no obligation to make any payment for Damages for indemnification with respect to the matters described in Section 8.3(a) until the total amount of all Damages suffered with respect to such matters exceeds one percent (1%) of the Base Purchase Price, and then only for the amount by which such Damages exceeds one percent (1%), up to a maximum amount of ten percent (10%) of the Base Purchase Price.

(4) Notwithstanding anything herein to the contrary, Section 8.4(3) shall not apply to claims: (a) relating to Buyer Fundamental Representations; or (b) based on actual or intentional fraud of the Buyer. The full amount of Damages under claims relating to Buyer Fundamental Representations will be subject to indemnification, up to a maximum of one hundred per cent (100%) of the Base Purchase Price.

(5) Seller and Seller Parent hereby waive and releases any and all rights that it may have to assert claims of contribution against the Purchased Corporations.

Section 8.5 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 (a "**Third-Party Claim**"), the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense (at the Indemnifying Party's expense) of such Third-Party Claim in which the Indemnifying Party acknowledges without qualification its indemnification obligation hereunder with counsel reasonably satisfactory to the Indemnified Party by giving written notice to the Indemnified Party within fifteen (15) days of receipt of written notice of such Third-Party Claim, provided, that, the Indemnifying Party shall not be entitled to assume control of such Third-Party Claim if (i) the Third-Party Claim relates to or arises in connection with any criminal or regulatory proceeding, action, indictment, investigation or allegation, (ii) the Third-Party Claim seeks injunctive or other equitable relief or relief other than for monetary Damages against the Indemnified Party, (iii) the Indemnified Party reasonably believes that the Third-Party Claim, if adversely determined, would impair in any material respect the financial condition, business, operations, reputation or prospects of the Indemnified Party or any of its Affiliates, (iv) an actual or readily apparent conflict of interest (as reasonably determined by the Indemnified Party upon written advice of counsel) exists between the Indemnifying Party and the Indemnified Party with respect to the Third-Party Claim that precludes effective joint representation or (v) the amounts reasonably expected to be incurred in connection with such Third-Party Claim, together with all other outstanding claims on the Escrow Account, exceed the amount remaining in the Escrow Account. The Indemnified Party shall be entitled to participate in the defense of any such Third-Party Claim, with its counsel and at its own cost and expense, provided, that if in the reasonable written advice of counsel to the Indemnified Party, there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party, such fees and disbursements shall be at the expense of the Indemnifying Party. If the Indemnifying Party does not assume the defense of any such Third-Party Claim or fails to reasonably and diligently defend or

prosecute such Third-Party Claim, the Indemnified Party may, but shall not be obligated to, defend against such Third-Party Claim in such manner as it may deem appropriate, including, but not limited to, settling such Third-Party Claim, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate, acting reasonably, 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 Third-Party Claim without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed).

Section 8.6 Tax Treatment of Indemnification Payments.

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

Section 8.7 Cumulative Remedies.

The rights and remedies provided in this Article 8 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 8.8 Dispute Resolution.

(1) With respect to any claim for indemnification hereunder by an Indemnified Party on account of Damages which does not result from a Third-Party Claim (a "**Direct Claim**") which cannot be amicably resolved between the parties within fourteen (14) days of notice of such dispute being served on the Indemnifying Party, then the Indemnified Party and Indemnifying Party agree that, prior to and as a condition precedent to the commencement of any Action against the other, the Indemnified Party and Indemnifying Party shall escalate the dispute to the Chief Executive Officer of Seller Parent and the Chief Executive Officer of Buyer for resolution.

(2) If the Chief Executive Officer of Seller Parent and the Chief Executive Officer of Buyer are unable to resolve a Direct Claim within fourteen (14) days of such Direct Claim being escalated to them pursuant to Section 8.8(1), such Direct Claim shall be determined by (i) by the written agreement between the Indemnified Party and the Seller and Seller Parent or the Buyer, as applicable, (ii) by a final judgment or decree of any court of competent jurisdiction or (iii) by any other means to which the Indemnified Party and the Seller and Seller Parent or Buyer, as applicable, shall agree.

Section 8.9 Release of Escrow Amount.

(1) On the date which is twelve (12) months following the Closing Date, an amount equal to 50% of the Escrow Amount minus the sum of (a) the aggregate dollar amount of all indemnification claims pursuant to Section 8.2 pending as of such date plus (b) the aggregate amount of all indemnification claims pursuant to Section 8.2 that have been paid prior to such date, shall be released from the Escrow Account to Seller pursuant to the terms of the Escrow Agreement.

(2) On September 30, 2022, an amount equal to all amounts remaining in the Escrow Account minus the aggregate dollar amount of all indemnification claims pursuant to Section 8.2 pending as of such date shall be released from the Escrow Account to Seller pursuant to the terms of the Escrow Agreement.

(3) Any amount that would have been released pursuant to Section 8.9(1) or Section 8.9(2) but was withheld on account of a pending indemnification claim shall continue to be held by the Escrow

Agent pursuant to the terms of the Escrow Agreement until such time as such pending claim is finally determined or mutually agreed, at which time any portion of such withheld amount that is not required to be paid to the appropriate Indemnified Party in accordance with the final determination or mutual agreement of such claim shall be released from the Escrow Account to Seller pursuant to the terms of the Escrow Agreement.

Section 8.10 Sources of Recovery.

With respect to all amounts payable by Seller or Seller Parent to Buyer Indemnified Parties pursuant to Section 8.2, the Buyer Indemnified Parties' sole sources of recovery shall be: (a) first, from the Escrow Account, and (b) secondly, to the extent the Escrow Account has been exhausted, from Seller and Seller Parent, jointly and severally.

ARTICLE 9
POST-CLOSING COVENANTS

Section 9.1 Further Assurances.

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

Section 9.2 Public Announcement.

Other than: (a) the press release attached at Section 9.2 of the Disclosure Schedules; (b) as set out in this Section 9.2; and (c) as may be required to comply with the requirements of any applicable Law or by a Governmental Authority, no press release, public statement or announcement or other public disclosure with respect to this Agreement or the transactions contemplated hereby may be made by any Party, except with the prior written approval of the other Parties, which approval shall not be unreasonably withheld, conditioned or delayed. Buyer consents to this Agreement being made publicly available, including by the filing a conformed copy thereof on the System for Electronic Document Analysis and Retrieval, and to the details of this Agreement being described in any material change report in connection with the execution and delivery of this Agreement by the Seller Parent; *provided, however*, that Seller Parent will make commercially reasonable efforts to provide Buyer with an opportunity to review and to redact any disclosure therein to the extent permitted by Law and mutually agreed to by the Parties.

Section 9.3 Tax Covenants.

(1) **Transfer Taxes.** All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes incurred in connection with this Agreement and the Transaction Documents to be delivered hereunder shall be borne and paid 50% by the Buyer and 50% by Seller and Seller Parent, jointly and severally, when due (excluding, for the avoidance of doubt, any such Taxes imposed on the Pre-Closing Transactions, which shall be borne 100% by Seller and Seller Parent, jointly and severally). The party responsible under applicable Law for filing any necessary Tax Returns and other documents with respect to such Taxes shall, at its own expense, timely file any such Tax Return or other document with respect to such Taxes (and the other party shall cooperate with respect thereto as necessary). Buyer and Seller shall timely sign and deliver such certificates or forms as may be necessary or appropriate to establish an exemption from (or otherwise reduce) any such Taxes.

(2) **Tax Returns.**

(a) Seller shall prepare and file or cause to be filed when due (taking into account all extensions properly obtained) all Tax Returns that are required to be filed by or with respect to the Purchased Corporations for taxable years or periods ending on or before the Closing Date. Seller shall remit or cause to be remitted without duplication any Taxes due in respect of such Tax Returns, except to the extent such Taxes have been deducted from the Purchase Price as adjusted pursuant to Section 2.4. Except with Buyer's written consent (such consent not to be unreasonably withheld, conditioned, or delayed), all Tax Returns that Seller is required to file or cause to be filed in accordance with this Section 9.3(2)(a) shall (i) be prepared in a manner consistent with (x) the Pre-Closing Transferred Assets Valuation and (y) to the extent permitted by applicable Law, the treatment described in clause (ii) of the Tax Assumptions and (ii) except to the extent inconsistent with clause (i), be prepared and filed in a manner consistent with past practice and, on such Tax Returns, no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in preparing and filing similar Tax Returns in prior periods (including positions, elections or methods that would have the effect of deferring income to periods ending after the Closing Date or accelerating deductions to periods ending on or before the Closing Date). To the extent of any assessment or reassessment of Taxes with respect to the Purchased Corporations relating to any matters arising on or prior to Closing, including any matters contemplated under this Agreement, then Seller shall have the right to require the Purchased Corporations to utilize (to the extent permitted by Law) the losses of the Purchased Corporations arising in a Pre-Closing Tax Period in connection with the preparation and filing of such Tax Returns.

(b) The Buyer shall prepare and file or cause to be filed when due (taking into account all extensions properly obtained) all Tax Returns of the Purchased Corporations relating to a Straddle Period. Except with Seller's written consent (such consent not to be unreasonably withheld, conditioned, or delayed), all such Tax Returns shall be prepared (i) be prepared in a manner consistent with (x) the Pre-Closing Transferred Assets Valuation and (y) to the extent permitted by applicable Law, the treatment described in clause (ii) of the Tax Assumptions and (ii) except to the extent inconsistent with clause (i), in a manner that is consistent with past practice of the Purchased Corporations and applicable Law. The Buyer shall provide the Seller with a copy of such draft Tax Return no later than thirty (30) days prior to filing such Tax Return. The Seller shall notify the Buyer of any reasonable comments it has on such Tax Return within ten (10) days of Buyer's delivery of such draft Tax Return to Seller, and the Buyer and Seller shall use good faith efforts to resolve any disagreements with respect thereto. If the Buyer and the Seller cannot resolve such disagreement, an independent accounting firm mutually agreed to by the Buyer and Seller shall be retained to resolve the disagreement. If the independent accounting firm is unable to resolve any disputed items before the due date for such Tax Return, the Tax Return shall be filed by the Buyer as prepared by the Buyer and then amended to reflect the independent accounting firm's resolution. The Buyer shall provide the Seller a copy of each such Tax Return within ten (10) days of filing such Straddle Period Tax Return.

(c) Seller shall reimburse Buyer the Taxes for which Seller is liable pursuant to Section 8.2(f) but which are remitted in respect of any Tax Return to be filed by Buyer pursuant to this Section 9.3(2) upon the written request of Buyer setting forth in detail the computation of the amount owed by Seller, but in no event earlier than 10 days prior to the due date for paying such Taxes.

(3) **Assistance and Cooperation.** The Seller and the Buyer will co-operate fully and assist each other and make available to each other in a timely fashion all documents, data and other information as may reasonably be required for the preparation and filing of all Tax Returns of the Purchased Corporations and for the preparation and defense of any audits of, or disputes with taxing authorities regarding, any such Tax Returns and will preserve that data and other information until the expiration of any applicable limitation period for maintaining books and records under any applicable Tax Law with respect to such Tax Returns.

(4) **Tax Contests.** The Buyer and Seller shall keep the other informed of any inquiries, communications, actual or proposed audits, assessments, reassessments and any similar communications that relate to any Taxes of the Purchased Corporations ("**Tax Claims**"); provided, that Buyer shall only be obligated to do so with respect to any Tax Claims that relate to Taxes for which the Seller is reasonably expected be liable under this Agreement or applicable Law. The Buyer shall cooperate with the Seller to respond to any such Tax Claims, and the Seller shall be entitled to take control of any such Tax Claim to the extent that it relates to Taxes for which the Seller would be fully liable under this Agreement or applicable Law; provided, however, that Seller shall have no right to take control of any Tax Claim unless (1) Seller shall have first notified Buyer in writing of Seller's intention to do so and of the identity of counsel, if any, chosen by Seller in connection therewith, and (2) Seller shall have agreed with Buyer that, as between Buyer and Seller, Seller shall be liable for any Damages relating to Taxes that result from such Tax Claim; provided, further, that Buyer and its representatives shall be permitted, at Buyer's expense, to be present at, and participate in, any such Tax Claim. Notwithstanding the foregoing, neither Seller nor any Affiliate of Seller shall be entitled to settle, either administratively or after the commencement of litigation, any claim for Taxes which reasonably could be expected to adversely affect the liability for Taxes of Buyer, the Purchased Corporations or any Affiliate thereof for any period after the Closing Date to any extent without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed). In any case where the Seller does not control a Tax Claim relating to Taxes for which Seller is reasonably expected to be liable under this Agreement or applicable Law, the Buyer shall keep the Seller informed of all material developments and shall allow the Seller to participate in the defense of such Tax Claim. The Buyer shall not allow any Purchased Corporation to settle any Tax Claims for which the Seller is reasonably expected to be liable for any underlying Taxes without the prior written consent of the Seller (which consent shall not be unreasonably conditioned, withheld or delayed). If the Seller pays any Taxes in respect of a Tax Claim which are subsequently refunded, the Buyer shall cause such refunded amounts to be returned to the Seller, together with any interest thereon received from the applicable Governmental Authority (net of any Taxes attributable to such refunded amounts and such interest). In the event of a conflict between the provisions of this Section 9.3(4) and the provisions of Section 8.8, the provisions of this Section 9.3(4) shall control.

(5) **Termination of Tax Allocation Arrangements.** Any Tax Sharing Arrangement entered into by Seller or any Affiliate of Seller, on the one hand, and any of the Purchased Corporations, on the other hand, shall be terminated as to the Purchased Corporations on or prior to the Closing, and after the Closing none of the Purchased Corporations shall have any liability thereunder.

(6) Unless otherwise required by applicable Law, the Buyer shall not take any of the following actions (or cause any Purchased Corporation or their Affiliates to take any of the following actions) without the prior written consent of the Seller (such consent not to be unreasonably withheld, conditioned or delayed) if such action could reasonably be expected to result in any Tax liability to the Seller under this Agreement or applicable Law: (A) amend or permit any Purchased Corporation to amend any Tax Return relating to a Pre-Closing Tax Period, (B) make or change any material Tax election that has retroactive effect to any Tax Period of a Purchased

Corporation ending on or before the Closing Date, (C) file or permit any Purchased Corporation to file a Tax Return relating to a Pre-Closing Tax Period in any jurisdiction in which such Purchased Corporation did not file such Tax Return prior to the Closing, (D) extend or waive any statute of limitations relating to Taxes for any Tax Period of a Purchased Corporation ending on or before the Closing Date, (E) file any ruling request or similar Tax request with any Governmental Authority that relates to Taxes or a Tax Return of a Purchased Corporation for a Pre-Closing Tax Period, or (F) carryback an item of on Purchased Corporation's Tax Return for a Tax Period ending after the Closing Date to a Pre-Closing Tax Period of a Purchased Corporation. The Buyer shall not make an election under Section 338 or Section 336 of the Code (or any corresponding or similar provision of state or local Law) with respect to the Buyer's acquisition of the Purchased Shares pursuant to this Agreement. The Buyer shall not permit any Purchased Corporation to, and the Buyer shall ensure that no Purchased Corporation shall, engage in any transaction after the Closing on the Closing Date other than in the ordinary course of business or pursuant to this Agreement.

(7) All Tax deductions and credits attributable to Transaction Expenses and paid or accrued on or before the Closing Date for all applicable Tax purposes shall be reflected on the Tax Returns of the Purchased Corporations for the Pre-Closing Tax Periods to the extent permitted by applicable Law at a "more likely than not" or higher level of confidence, including such Tax deductions and credits that are attributable to payments that are Transaction Expenses that are made on or before the Closing Date. The Parties agree that all net operating losses (within the meaning of Section 172(c) of the Code or any corresponding or similar provision of state, local or foreign Tax Law), credits or other Tax assets of a Purchased Corporation accruing on or before the Closing Date shall be utilized, to the maximum extent permitted by Law at a "more likely than not" or higher level of confidence, in Pre-Closing Tax Periods.

(8) Any Tax refund, rebate or credit for overpayment of Taxes (including any interest paid by the applicable Governmental Authority thereon), to the extent such refund, rebate or credit resulted from income, losses or deductions generated in or otherwise attributable to a Pre-Closing Tax Period, due to a Purchased Corporation with respect to a Pre-Closing Tax Period that has not been included in the Purchase Price as adjusted pursuant to Section 2.4 (a "**Pre-Closing Tax Refund**") shall be paid, net of any Taxes and any reasonable expenses incurred by Buyer or any Affiliate of Buyer as a result of the receipt of such Pre-Closing Tax Refund, to the Seller within twenty (20) days after such Pre-Closing Tax Refund has been received by or realized by the Buyer, a Purchased Corporation or their Affiliates. To the extent such Pre-Closing Tax Refund is subsequently disallowed or required to be returned to the applicable Governmental Authority, Seller agrees promptly to repay the amount of such Pre-Closing Tax Refund, together with any interest, penalties or other additional amounts imposed by such Governmental Authority, to Buyer.

(9) **Tax Positions Related to Pre-Closing Transactions.**

Seller and the Purchased Corporations shall, at Seller's expense, obtain a valuation from a reputable third party valuation firm of the fair market value for federal income Tax purposes of the Pre-Closing Transferred Assets, which (i) valuation, methodology and underlying assumptions are reasonably acceptable to Buyer and (ii) is addressed to the Purchased Corporations and the Buyer, and upon which each is entitled to rely (the "**Pre-Closing Transferred Assets Valuation**"). Buyer, Seller, the Purchased Corporations, and their respective Affiliates agree to file all Tax Returns in a manner consistent with the Pre-Closing Transferred Assets Valuation to the extent it is actually delivered to Buyer. Seller shall deliver or cause to be delivered to Buyer the Pre-Closing Transferred Assets Valuation within 90 days after Closing, and such Pre-Closing Transferred Assets Valuation shall be incorporated by Buyer in the calculation of Seller Taxes as part of the Closing Indebtedness Amount on the Draft

Closing Statement to be prepared by Buyer pursuant to Section 2.4(2). For the avoidance of doubt, if Seller fails to deliver such a valuation, (i) Buyer shall be entitled to obtain its own valuation of the Pre-Closing Transferred Assets, (ii) the cost to Buyer of obtaining such valuation shall constitute Damages for purposes of this Agreement, (iii) the determination of Seller Taxes shall be made on the basis of a valuation obtained by Buyer and (iv) such value shall constitute the Pre-Closing Transferred Assets Valuation for purposes of this Agreement.

Section 9.4 Regulatory.

Promptly following Closing, Seller and/or Seller Parent shall (i) make all filings with, give all notices to, and obtain all authorizations from the FDA 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 Intellectual Property set out in Section 9.4 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 9.5 Name Change of Purchased Corporations.

As soon as reasonably practicable following Closing, Buyer shall: (a) effect a name change for each of the Purchased Corporations to a name selected by Buyer which would not be a confusingly similar name to "Covalon" or related names; and (b) furnish evidence to Seller of such name change for each of the Purchased Corporations.

Section 9.6 Restrictive Covenants.

(1) Seller Parent hereby covenants and agrees that, from and after the Closing Date and continuing for a period of five (5) years from the Closing Date, neither Seller Parent nor any of its respective Affiliates shall do any one or more of the following, directly or indirectly:

(a) engage or participate, anywhere in the world, as an owner, partner, member, shareholder, director, employee, independent contractor, agent, adviser, consultant, joint venturer or (without limitation by the specific enumeration of the foregoing) otherwise, in any business that is competitive with the Purchased Assets; *provided, however*, that nothing contained herein shall restrict any of Seller Parent or its Affiliates from owning five percent (5%) or less of the equity securities of any publicly-traded corporation in competition with the Purchased Assets;

(b) canvass or solicit the business of, or procure or assist the canvassing or soliciting of the business of, any Person that has been a customer, supplier, distributor, licensor, licensee or any other business (the "**Subject Parties**") in relation to the Purchased Assets within the past twelve (12) months; *provided, however*, that nothing contained herein shall restrict any of Seller Parent or its Affiliates from canvassing or soliciting the business of, or procuring or assisting the canvassing or soliciting of the business of, the Subject Parties in respect of matters which do not relate specifically to the Purchased Assets (including, without limitation, matters relating to the Pre-Closing Transferred Assets and the Pre-Closing Transferred Liabilities); and

(c) make (or cause to be made) to any Person any statement that Seller Parent or its Affiliates thereof knows to be, or that would reasonably be understood to be, disparaging or derogatory or otherwise negative or false concerning the Purchased Corporations or the Purchased Assets.

(2) Seller Parent hereby acknowledges that it will receive an immediate and direct benefit on the Closing Date from the consummation of the transactions contemplated by this Agreement, including the receipt of significant monetary proceeds as a direct result of such transactions. The parties hereto agree that the covenants set forth in this Section 9.6 are reasonable with respect to their duration, geographical area, and scope. It is the intent and understanding of each party hereto that if, in any Action before any court or other Governmental Authority legally empowered to enforce this Section 9.6, any term, restriction, covenant or promise in this Section 9.6 is found to be unreasonable and for that reason unenforceable, then such term, restriction, covenant or promise shall be deemed modified to the extent necessary to make it enforceable by such court or other Governmental Authority.

Section 9.7 Confidentiality

(1) As an inducement for Buyer to enter into this Agreement, Seller Parent agrees that for a period of five (5) years following the Closing Date, Seller Parent shall, and shall cause its Affiliates to, maintain all Seller Confidential Information in confidence and shall not, directly or indirectly, disclose any Seller Confidential Information to any Person other than the Purchased Corporations, and Seller Parent shall, and shall cause its Affiliates to, not, directly or indirectly, use any Seller Confidential Information for its own benefit or the benefit of any third party; provided that, with respect to each Trade Secret of the Purchased Corporations that relate to the Purchased Assets, Seller Parent's above obligations of confidentiality and non-use shall continue as long as such Trade Secret otherwise remains a confidential, protectable Trade Secret of the Purchased Corporations and its Affiliates. Nothing in this Agreement, however, shall prohibit Seller Parent from using or disclosing Seller Confidential Information to the extent required by Law. If Seller Parent is required by applicable Law to disclose any Seller Confidential Information, Seller Parent shall (a) provide Buyer with prompt notice before such disclosure is made so that Buyer may attempt to obtain a protective order or other assurance that confidential treatment will be accorded such information and (b) cooperate with Buyer, at the expense of Buyer, in attempting to obtain such order or assurance.

(2) As an inducement for Seller Parent to enter into this Agreement, Buyer agrees that for a period of five (5) years following the Closing Date, Buyer shall, and shall cause its Affiliates to, maintain all Buyer Confidential Information in confidence and shall not, directly or indirectly, disclose any Buyer Confidential Information to any Person, and Buyer shall, and shall cause its Affiliates to, not, directly or indirectly, use any Buyer Confidential Information for its own benefit or the benefit of any third party; provided that, with respect to each Trade Secret that related to a Pre-Closing Transferred Asset, Buyer's above obligations of confidentiality and non-use shall continue as long as such Trade Secret otherwise remains a confidential, protectable Trade Secret of the Seller Parent and its Affiliates. Nothing in this Agreement, however, shall prohibit Buyer from using or disclosing Buyer Confidential Information to the extent required by Law. If Buyer is required by applicable Law to disclose any Buyer Confidential Information, Buyer shall (a) provide Seller Parent with prompt notice before such disclosure is made so that Seller Parent may attempt to obtain a protective order or other assurance that confidential treatment will be accorded such information and (b) cooperate with Seller Parent, at the expense of Seller Parent, in attempting to obtain such order or assurance.

Section 9.8 Injunctive Relief and Other Relief

Buyer and Seller Parent specifically recognizes that any breach of Section 9.6 or Section 9.7 hereof will cause irreparable injury to Seller Parent, Buyer and the Purchased Corporations and that actual damages may be difficult to ascertain, and in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of

this Agreement), Seller Parent and Buyer agree that in the event of any such breach, Seller Parent and Buyer shall be entitled to injunctive relief in addition to such other legal and equitable remedies that may be available.

Section 9.9 Wrong Pockets

(1) To the extent that, during the eighteen (18) months following the Closing Date, Buyer or Seller or Seller Parent discovers that:

(a) any Pre-Closing Transferred Assets or other assets of a type or category that are Pre-Closing Transferred Assets remained with the Purchased Corporations or Buyer following Closing (each, a "**Held Asset**"), Buyer shall, and shall cause its Affiliates to (i) promptly assign and transfer all right, title and interest in such Held Asset to Seller or its designated assignee, and (ii) pending such transfer, (A) hold in trust such Held Asset and provide to Seller or its designated assignee all of the benefits associated with the ownership of the Held Asset, and (B) cause such Held Asset to be used or retained as may be reasonably instructed by Seller; and

(b) any Purchased Assets or other assets of a type or category that are Purchased Assets were transferred to Seller or its Affiliates at Closing (each, an "**Omitted Asset**"), Seller shall, and Seller Parent shall cause Seller and its Affiliates to (i) promptly assign and transfer all right, title and interest in such Omitted Asset to Buyer or its designated assignee, and (ii) pending such transfer, (A) hold in trust such Omitted Asset and provide to Buyer or its designated assignee all of the benefits associated with the ownership of the Omitted Asset, and (B) cause such Omitted Asset to be used or retained as may be reasonably instructed by Buyer.

(2) In the event that, following the Closing, either party or an Affiliate receives any payment that is for the account of the other pursuant to the terms of this Agreement, the party receiving such payment shall promptly remit (or cause to be promptly remitted) such funds to the other party or an entity designated by such other party.

Section 9.10 COBRA

In the event that, following the Closing, any individual who was previously an Employee and whose employment was transferred to Seller (or an Affiliate thereof) in connection with the Pre-Closing Transactions (a "**Transferred Employee**"), or a qualified dependent thereof, experiences a "qualifying event" for purposes of COBRA, Seller shall, and Seller Parent shall cause Seller or its applicable Affiliate to, offer continuation coverage under COBRA to such Transferred Employee or dependent, in accordance with applicable Law. Following the Closing, Seller Parent (or an Affiliate thereof) shall also assume responsibility for providing COBRA continuation coverage to any Employee (or a qualified dependent thereof) who, prior to the Closing, experienced a "qualifying event" and elected to receive COBRA continuation coverage.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Expenses.

Except as otherwise expressly provided in this Agreement, 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 10.2 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 10.2):

(a) to Buyer at:

TIDI Products, LLC
570 Enterprise Drive
Neenah, Wisconsin 54956

E-mail: kmcnamara@tidiproducts.com
Attention: Kevin McNamara

with a copy to:

RoundTable Healthcare Management, LLC
272 East Deerpath Road, Suite 350
Lake Forest, IL 60045

Email: psmith@roundtablehp.com
Attention: Phillip Smith

with a copy to:

Sidley Austin LLP
One South Dearborn
Chicago, IL 60603

Email: skatz@sidley.com; jmelamed@sidley.com
Attention: Seth Katz; Jack Melamed

(b) to Seller or Seller Parent at:

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

E-mail: bpedlar@covalon.com
Attention: Chief Executive Officer

with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West

199 Bay Street
Toronto, Ontario, M5L 1B9

E-mail: drajpal@stikeman.com
Attention: Dee Rajpal

Section 10.3 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 10.4 Entire Agreement.

This Agreement, together with 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) and the Transaction Documents to be delivered hereunder, the statements in the body of this Agreement will control.

Section 10.5 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. No Party may assign its rights or obligations hereunder without the prior written consent of the other Parties, which consent shall not be unreasonably withheld or delayed. No assignment shall become effective unless and until the assignee expressly assumes in writing all of assignor's obligations hereunder. Notwithstanding the foregoing, Buyer may, in its sole discretion, assign in whole or in part its rights and obligations pursuant to this Agreement (i) to one or more of its Affiliates, (ii) to any of its lenders as collateral security and (iii) in connection with a sale of all or a portion of its business (whether by stock sale, asset sale, merger, reorganization or otherwise); *provided, however*, that in the event of an assignment pursuant to the foregoing clauses (i) and (iii), the transferee or assignee will become jointly and severally liable with the Buyer, as a principal and not as a surety, with respect to all of the obligations of the Buyer under this Agreement, including the representations, warranties, covenants, indemnities and agreements of the Buyer.

Section 10.6 No Third-Party Beneficiaries.

Except as provided in Article 8, 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. Notwithstanding the foregoing, this Section 10.6 and Sections 10.5 (Successors and Assigns), 10.7 (Amendment and Modification) and 10.8 (Non-Recourse), as they relate to the Buyer's lenders, are intended to be for the benefit of, and shall be enforceable by, the Buyer's lenders.

Section 10.7 Amendment and Modification.

This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. Notwithstanding anything to the contrary contained herein, Sections 10.5 (Successors and Assigns), 10.6 (No Third-Party Beneficiaries), 10.8 (Non-Recourse) and this Section 10.7

(and any other provisions of this Agreement to the extent a modification, waiver or termination of such provision would modify the substance of the foregoing) may not be amended, modified or terminated without the prior written consent of the Buyer's lenders.

Section 10.8 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, Seller Parent, the Purchased Corporations or Buyer or any of their respective Affiliates (other than Seller, Seller Parent, the Purchased Corporations and Buyer) shall have any liability for any obligations or liabilities of Seller, Seller Parent, the Purchased Corporations or Buyer under this Agreement of 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 and/or Seller Parent's secured lenders, and Buyer shall not seek to clawback from such secured lenders such proceeds distributed to such secured lenders, provided that, for the avoidance of doubt, the foregoing shall not impair or otherwise limit Seller's or Seller Parent's indemnification obligations to Buyer hereunder. None of the Parties to this Agreement, nor or any of their respective Affiliates, solely in their respective capacities as parties to this Agreement, shall have any rights or claims against any lender of Buyer, solely in their respective capacities as lenders or arrangers in connection with the debt financing provided to Buyer and its Affiliates, and such lenders, solely in their respective capacities as lenders or arrangers, shall not have any rights or claims against any Party to this Agreement or any related person thereof, in connection with this Agreement or the debt financing provided to Buyer and its Affiliates, whether at law or equity, in contract, in tort or otherwise.

Section 10.9 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 10.10 Governing Law.

(1) This Agreement is governed by and will be interpreted and construed in accordance with the laws of the State of Delaware.

(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 2.4 (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 ACCOUNTANT 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 UNITED STATES DISTRICT COURT, DISTRICT OF DELAWARE IN NEW CASTLE COUNTY OR THE STATE COURTS LOCATED IN NEW CASTLE COUNTY, DELAWARE, 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.

(3) IN ANY CIVIL ACTION, COUNTERCLAIM, OR PROCEEDING, WHETHER AT LAW OR IN EQUITY, WHICH ARISES OUT OF, CONCERNS, OR RELATES TO THIS AGREEMENT, ANY AND ALL TRANSACTIONS CONTEMPLATED HEREBY, THE PERFORMANCE OF THIS AGREEMENT, OR THE RELATIONSHIP CREATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE, TRIAL SHALL BE TO A COURT OF COMPETENT JURISDICTION AND NOT TO A JURY. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT, AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THIS AGREEMENT OF THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY. NO PARTY HAS MADE OR RELIED UPON ANY ORAL REPRESENTATIONS TO OR BY ANY OTHER PARTY REGARDING THE ENFORCEABILITY OF THIS SECTION 10.10(3). EACH PARTY HAS READ AND UNDERSTANDS THE EFFECT OF THIS SECTION 10.10(3). EACH PARTY ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY ITS OWN COUNSEL WITH RESPECT TO THIS AGREEMENT AND SPECIFICALLY WITH RESPECT TO THIS SECTION 10.10(3).

Section 10.11 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 10.12 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 10.13 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 (including any electronic signature complying with the federal Electronic Signatures in Global and National Commerce Act of 2000, Public Law 106-229, as amended (e.g., Adobe eSign or DocuSign) (any such delivery, an

"**Electronic Delivery**")) shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. The signatures of the Parties delivered by means of Electronic Delivery shall be "electronic signatures" within the meaning of the Uniform Electronic Transaction Act (USA) and the Electronic Commerce Directive (EU) in all jurisdictions where the legislation has been adopted. No Party shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such Party forever waives any such defense.

[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.

TIDI PRODUCTS, LLC, as Buyer

By: (Signed) "*Kevin McNamara*"

Name: Kevin McNamara
Title: President and CEO

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.

COVALON TECHNOLOGIES INC., as Seller

By: (Signed) "*Brian Pedlar*"
Authorized Signatory

COVALON TECHNOLOGIES LTD., as Seller Parent

By: (Signed) "*Brian Pedlar*"
Authorized Signatory

COVALON TECHNOLOGIES HOLDINGS (USA), LTD., as Covalon US HoldCo

By: (Signed) "*Brian Pedlar*"
Authorized Signatory

COVALON TECHNOLOGIES AG LTD., as Covalon US OpCo

By: (Signed) "*Brian Pedlar*"
Authorized Signatory