

District of Ontario  
Division No. 09 – Mississauga  
Court File No. 32-2670414  
Estate No. 32-2670414

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS  
AMENDED

AND IN THE MATTER OF THE PROPOSAL OF GEOX CANADA INC.,  
OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

**MOTION RECORD  
(RETURNABLE OCTOBER 6, 2020)**

**Date:** September 28, 2020

**AIRD & BERLIS LLP**  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto ON M5J 2T9

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**Kyle Plunkett**  
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Counsel to Geox Canada Inc.

# INDEX

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Applicants

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**TAB 1**

District of Ontario  
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**ONTARIO  
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AND IN THE MATTER OF THE PROPOSAL OF GEOX CANADA INC.,  
OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

**NOTICE OF MOTION  
(MOTION RETURNABLE OCTOBER 6, 2020)**

Geox Canada Inc. (the “**Company**”), will make a motion to a judge presiding over the Ontario Superior Court of Justice (Commercial List) on Tuesday, October 6, 2020, at 12:30 p.m., or as soon after that time as the motion can be heard, via Zoom at Toronto, at <https://zoom.us/j/3220856446?pwd=NmRRReHFneENWNTBldzUrd0tzM0taQT09>. Please advise if you intend to join the motion by emailing Kyle Plunkett at [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com).

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

- (a) an order substantially in the form of draft order attached at Tab “3” of the Motion Record, *inter alia*:
  - (i) declaring that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company shall be entitled to the benefit of and are granted a charge (the “**Administration Charge**”), which charge shall not exceed an aggregate amount of \$150,000 on the Company’s current and future properties, assets and undertakings of every nature and kind whatsoever and wherever situated, including all proceeds thereof, including any real property of the Company, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and

after September 8, 2020, being the date that the Company commenced these proceedings by Notice of Intention to Make a Proposal;

- (ii) approving the first report of the Proposal Trustee to be filed by the Proposal Trustee in connection with this motion (the “**First Report**”) and the activities and conduct of the Proposal Trustee set out therein; and
  - (iii) extending the time period for the Company to file a proposal with the Official Receiver to and including November 22, 2020 (the “**Proposal Period**”); and
- (b) such further and other relief as counsel may request and this Honourable Court deems just.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) the Company is a Canadian subsidiary of an Italian retail business focused on the distribution and sale of footwear and outerwear;
- (b) the Company, like many retailers, experienced declining revenue in recent months, which was exacerbated by economic issues related to the COVID-19 pandemic;
- (c) on September 8, 2020, the Company filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), and Richter Advisory Group Inc. was appointed proposal trustee (the “**Trustee**”) in these proposal proceedings;
- (d) pursuant to the BIA, all proceedings against the Company were stayed for the Proposal Period of thirty (30) days beginning on September 8, 2020;
- (e) in order to consult with stakeholders and prepare its proposal, the Company requires an extension to the Proposal Period to and including November 22, 2020;
- (f) the Company has been acting in good faith and with due diligence during these proceedings;

- (g) no stakeholder would be materially prejudiced if the extension being applied for was granted;
- (h) the Trustee will file with the Court its first report (the “**First Report**”) outlining, among other things, (i) the background of the Company’s business and operations and (ii) the actions of the Trustee since its appointment;
- (i) the grounds set out in the Affidavit of Gino Stinziani sworn September 28, 2020 (the “**Stinziani Affidavit**”) filed in support of this motion;
- (j) the other grounds set out in the First Report;
- (k) the inherent and equitable jurisdiction of this Honourable Court;
- (l) Sections 50.4(9) of the BIA, as amended;
- (m) rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (n) such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Stinziani Affidavit;
- (b) the First Report, to be filed with the Court; and
- (c) such further and other material as counsel may submit and this Court may permit.

**Date:** September 28, 2020

**AIRD & BERLIS LLP**  
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Toronto ON M5J 2T9

**Steven Graff**

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Counsel to Geox Canada Inc.

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO**

Court File No. 32-2670414

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***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
**PROCEEDING COMMENCED AT TORONTO**

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**NOTICE OF MOTION**  
**(Motion returnable October 6, 2020)**

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Counsel to Geox Canada Inc.

**TAB 2**

District of Ontario  
Division No. 09 – Mississauga  
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**ONTARIO  
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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3,  
AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF  
ONTARIO

**AFFIDAVIT OF GINO STINZIANI  
(SWORN SEPTEMBER 28, 2020)**

I, **GINO STINZIANI**, of the City of Toronto, in the Province of Ontario, **MAKE  
OATH AND SAY AS FOLLOWS:**

1. I am a director of GEOX Canada Inc. (“**Geox**” or the “**Company**”) and, as such, I have personal knowledge of the matters to which I hereinafter depose. Where the source of my information or belief is other than my own personal knowledge, I have identified the source and the basis for my information and believe it to be true. All amounts herein are expressed in Canadian dollars unless otherwise indicated.

2. The Company is the Canadian subsidiary of Geox Holland BV, a company formed under the laws of Belgium, which is a subsidiary of Geox S.p.A. (“**Topco**”), a company formed under the laws of Italy, which acts as an operating holding company, and which has business in various jurisdictions. Geox, as part of this larger retail group, carries on business as a retailer and wholesaler of footwear and outerwear across Canada.

3. Similar to many other retailers operating in Canada, Geox has been significantly impacted by the Covid 19 pandemic during an already volatile retail market.

4. On September 8, 2020 (the “**Filing Date**”), Geox filed a Notice of Intention to Make a Proposal (“**NOI**”, and the proceedings commenced pursuant to the NOI, the “**NOI Proceedings**”) under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Richter Advisory Group Inc. was appointed proposal trustee *in re* the proposal of Geox (in such capacity, the “**Proposal Trustee**”). Attached hereto and marked as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal that was filed commencing the NOI Proceedings.

5. The Company intends to use the NOI Proceedings to restructure its operations and file a proposal to its unsecured creditors, and, ultimately, return to profitability.

6. This Affidavit is sworn in support of a motion brought by Geox in these NOI Proceedings, seeking an order, substantially in the form of the draft order attached at Tab 3 of the Company’s motion record returnable October 6, 2020, among other things:

- (a) if necessary, abridging the time for service and filing of the notice of motion and the Company’s motion record or, in the alternative, dispensing with same;
- (b) declaring that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company shall be entitled to the benefit of and are granted a charge, which charge shall not exceed an aggregate amount of \$150,000 (the “**Administration Charge**”) on the Company’s current and future property, assets and undertakings of every nature and kind whatsoever and wherever situated, including all proceeds thereof, as security for their professional fees and disbursements incurred at their

standard rates and charges, both before and after September 8, 2020, being the date that the Company commenced these proceedings by filing the NOI;

- (c) approving the first report of the Proposal Trustee to be filed by the Proposal Trustee in connection with this motion (the “**First Report**”), and the activities of the Proposal Trustee set out therein; and
- (d) extending the time period for the Company to file a proposal with the Official Receiver to and including November 22, 2020 (the “**Proposal Period**”).

## **Overview**

### *Corporate Overview*

7. Geox was incorporated under the *Canada Business Corporations Act* on March 31, 2003 and is extra-provincially registered in each of Alberta, British Columbia, Quebec and Ontario, where its retail stores and customers stores are located. Attached hereto and marked as **Exhibit “B”** is a copy of Geox’s Federal Corporation Information as of September 25, 2020.

8. The Company is an indirect wholly-owned subsidiary of Topco, a publicly-traded company listed on the Italian Bourse. The Company’s registered office is in Mississauga, Ontario.

9. Geox currently operates thirty stores from leased premises across Canada selling footwear and outerwear through multiple channels including its thirty retail stores, a network of third-party wholesale customers and, more recently, through its own website direct to consumers. All of the Company’s retail stores are leased. The location of the Company’s retail stores are as follows: five in British Columbia, six in Alberta, thirteen in Ontario and six in Quebec. These stores are located within well-known retail malls and outlets.

10. As will be discussed further below, the profitability across the stores varies considerably. In particular, the terms of the leases for some of the locations have a significant impact on the profitability of the stores. Leading up to the NOI Proceedings, the Company had been actively engaging its primary stakeholders in an attempt to lower expenses and return the Company to profitability. Although the Company had implemented many cost cutting measures, the Covid 19 pandemic halted these efforts.

*Officers, Directors, Employees*

11. Geox's current directors are comprised of:

- (a) Gino Stinziani;
- (b) Livio Libralesso, who is also the Chief Executive Officer of Topco; and
- (c) Nicola Torchetti.

12. Mr. Libralesso is also the sole officer of the Company, holding the positions of President and Secretary.

13. Geox currently has 193 employees: 169 store-level employees and 24 head-office employees, none of which are unionized.

14. Geox sources its products through several third-party suppliers all over the world and through a related-company factory based in Serbia. The product is developed at Topco's headquarters in Italy and orders are prepared locally for the need of the Canadian market but compiled centrally. The product is shipped directly to Canada and cross-docked to stores and wholesale customers. Inventory is also held in a third-party distribution centre to support replenishment needs and online demand. The distribution centre manages the consumer returns as well.

15. The Company's head office in Mississauga is responsible for managing and overseeing all Canadian operations. The office is supported by Topco's headquarter in Italy in all functions and is provided with the key objectives and tools aimed at achieving its goals. Although the management reports directly to the Company's local manager, there is a dotted-line relationship with the global director for each related function in order to ensure a consistent and global approach in maintaining the brand's direction and integrity.

## ASSETS

16. Given the nature of the Company's business, its assets are comprised largely of inventory, including footwear, outerwear, clothing and accessories.

## LIABILITIES

### *Secured Creditors*

17. Attached are (i) search results under the *Personal Property Security Act* (Ontario) with a file currency of September 21, 2020; (ii) search results under the *Personal Property Security Act* (British Columbia) with a file currency of September 22, 2020; (iii) search results under the *Personal Property Security Act* (Alberta) with a file currency of September 22, 2020; and (iv) a search of the Register of Personal and Movable Real Rights under the Civil Code of Québec with a file currency of September 19, 2020 (collectively, the "**PPSA Reports**"). I have been advised by Kyle Plunkett of Aird & Berlis LLP ("**A&B**"), counsel to Geox, that the PPSA Reports indicate that the following secured creditors have made registrations against Geox:

- (a) Topco, with respect to an all asset registration, in each of the above-referenced provinces; and

- (b) Honda Canada Finance Inc., with respect to a certain financed motor vehicle, in the province of Ontario.

A copy of the PPSA Reports are compiled and attached hereto and marked as **Exhibit “C”**.

*Secured Indebtedness to Topco*

18. Geox and Topco entered into a loan agreement dated July 17, 2020 (the “**Topco Loan Agreement**”), whereby the Topco agreed to extend or make available to Geox a loan of up to \$35,000,000 (the “**Credit Facility**”) for the purposes of repaying existing loans previously owed by the Company to Topco and providing for ongoing working capital. Based on Geox’s books and records, which I believe are accurate in all material respects, the aggregate principal and interest owing under the Topco Loan Agreement is \$30,200,000, as of the Filing Date. A copy of the Topco Loan Agreement is attached as **Exhibit “D”**. Topco has historically provided funding for Geox.

19. The Topco Loan Agreement is subject to certain covenants, pledges and charges and is secured by way of, among other things, a first-ranking security interest in all of the assets of Geox in favour of Topco pursuant to (i) a general security agreement dated July 17, 2020; and (ii) a deed of hypothec dated July 17, 2020, each granted in favour of Topco (together, the “**Security Agreements**”). Copies of the Security Agreements are attached hereto and marked as **Exhibits “E”** and “**F**”, respectively.

20. Topco has advised the Company that it will continue to make available the Credit Facility to the Company during the pendency of the NOI Proceedings subject to the terms and conditions of the Topco Loan Agreement, and provided that Topco continues to have a first ranking security interest in the Company’s assets and property (subject only to permitted liens, including the proposed Administration Charge described herein). Counsel to the Proposal Trustee is reviewing

the Topco security and the Proposal Trustee will report on the outcome of that review in the First Report. The availability under the Topco Loan Agreement is expected to be sufficient to fund the Company's operations through the NOI Proceeding.

#### *Unsecured Creditors*

21. The unsecured creditor pool of \$11,629,844 as at the Filing Date, is largely comprised of suppliers, manufacturers and landlords located in Canada and abroad.

#### *Judgment Creditors*

22. I am advised by Kyle Plunkett of A&B, Canadian counsel to Geox, and do verily believe that, based on public searches conducted by A&B in each of Ontario, Quebec, Alberta and Vancouver, British Columbia, there are no judgments and issued writs of execution against Geox as of the date hereof.

#### **CAUSES OF INSOLVENCY**

23. Since its founding in 2003, Geox's business grew quickly over the years and, by 2015, according to Geox's internal financial records, was generating annual sales of approximately \$56.0 million, of which approximately 30% was through wholesale clients, with the balance generated through its own retail stores. In 2015, according to Geox's internal financial records, Geox generated earnings before interest and taxes of about \$5.7 million.

24. Starting in 2016, the Company began to experience market challenges and its financial performance suffered accordingly. By 2018, according to Geox's internal financial records, sales had decreased to approximately \$51.6 million, representing a decrease of 8% from 2015 levels, and the Company was experiencing negative earnings before interest and taxes, resulting in a \$5.6 million loss. The loss was driven by several factors, including:

- (a) The significant drop in wholesale sales as a result of the product's poor performance on the wholesale market, partially driven by an aggressive promotional calendar. Wholesale sales dropped 43% from 2015 to 2018, while profitability in this channel went from a profit of \$2.6 million to a loss of \$2.7 million. The losses were further amplified by the liquidation of excess retail inventory at a significant loss to wholesale customers; and
- (b) From 2015 to 2018, the retail network sales grew from \$40 million to \$42.1 million, but profitability dropped from a profit of \$3.1 million to a loss of \$2.9 million. The Company focused on improving its top line at the cost of significantly reduced margins, a large investment in payroll and in improving service levels while rents and associated costs kept rising. To achieve, higher sales, the Company also invested heavily in inventories which depreciated quickly and generated losses through the wholesale division when attempting to liquidate such inventories.

25. In 2019, the Company began an assessment of its operations and developed a plan to begin the process of returning to profitability. The plan included, among others, the following active steps:

- (a) review of the store payroll costs to bring these costs in line with the needs of the business;
- (b) significant reduction in the inventories purchased and held by the Company;
- (c) reduction of poorly performing stores as their leases came due, or by way of negotiations with landlords to exit those stores prior to the lease expiry;
- (d) restructuring and reduction of overhead costs;

- (e) hiring and on-boarding of a new management team including a country manager, head of wholesale sales, and head of retail operations; and
- (f) relocating its Distribution Centre from New Jersey to the Greater Toronto Area in order to better service the Canadian Market.

26. Despite the best efforts of the Company to implement this restructuring plan, according to Geox's internal financial records, 2019 performances resulted in sales of approximately \$48.6 million, a further drop of 6% from 2018 levels. As a result, earnings before interest and taxes continued to drop and the company suffered a further loss of \$7.1 million, according to Geox's internal financial records. In 2019, the Company generated 6% of its direct to consumers sales through e-commerce and expects this proportion to grow exponentially in the next years.

27. In 2020, following the appointment of a new management team, a major reduction in purchases, a more systematic approach to merchandising and promotional activities aimed at driving better margins, and a continued effort to reduce payroll costs, the Company began to see some improvements in profitability and performances.

28. However, the onset of the COVID-19 pandemic caused the stores to shut down completely for a significant period of time and halted revenues at both the wholesale and retail levels. Despite significant sales increases online, it was not enough to offset the significant lost sales from other channels.

29. The Company did, however, apply for and receive support from government programs to minimize staff costs, but, ultimately, this assistance was insufficient to offset the significant losses. The Company was also unable to obtain sufficient concessions from its landlords to mitigate store rent costs. Further, Topco advised the Company that it was no longer willing to

provide financial support to Geox absent a significant restructuring of its operations and cost structure.

30. In the face of mounting payroll, landlord and other liabilities, coupled with the fact that (i) negotiations with stakeholders were proving unsuccessful, (ii) store traffic continued to trend downwards from pre-pandemic levels (it is estimated that store traffic is down approximately 40% to 60% compared to pre-pandemic levels since the stores re-opened), and (iii) Topco was unwilling to continue to fund the significant losses of Geox, the Company felt it had no option but to initiate formal restructuring proceedings and, accordingly, filed an NOI.

31. During the NOI Proceedings, the Company intends to revisit the terms of its commercial leases and proactively engage with its landlords in an effort negotiate terms that reflect the new reality of the situation.

32. The Company also intends to focus and drive an aggressive ecommerce and multi-channel strategy supported by a significant marketing plan and a new retail concept better aligned with the new reality, and continue operating in Canada in fewer markets, with a leaner structure and with a focus to return to break-even position in the short term.

### **Disclaimer of Certain Leases**

33. Since the Filing Date, in an effort to reduce expenses and restructure its operations, the Company disclaimed five of its leases by delivering on the day following the Filing Date, the prescribed notice to the following landlords for the following locations:

- (a) Viking Rideau Corporation for store at the CF Rideau Centre, Ottawa, Ontario;
- (b) Oshawa Centre Holdings Inc. for the store at the Oshawa Centre, Office Galleria;
- (c) IC SPG POC at Edmonton LP for the store at Premium Outlet Collection Edmonton International Airport;

- (d) 1260642 Alberta Ltd. and Aimco Re GP Corp., as general partner and on behalf of Aimco Realty Investors LP, for the store at The Core, Toronto Dominion Square, Calgary, Alberta; and
- (e) Ivanhoe Cambridge Inc. for the store at Tsawwassen Mills, at Tsawwassen First Nation, British Columbia.

34. I am advised by A&B that the prescribed 15 days' notice period for these landlords to object to the disclaimers has now expired.

35. Accordingly, the Company intends to complete an orderly closure and vacate these stores on or before the expiration of the disclaimer period, being October 9, 2020. The Company also intends to pay the post-Filing Date rent for this period in accordance with the underlying lease agreements. The Company intends to move its inventory back to its distribution centre such that it does not require liquidation sales at these locations.

### **Administration Charge**

36. As part of its motion, Geox is seeking a first-ranking charge on all of the assets, property and undertakings of Geox in the maximum amount of \$150,000 to secure the fees and disbursements of Geox's legal counsel, and the Proposal Trustee, and its independent legal counsel, incurred in connection with services rendered to Geox or in furtherance of the NOI Proceedings, as applicable, both before and after the filing of the NOI (the "**Administration Charge**").

37. I believe that the Administration Charge is necessary in order to retain the professional assistance required to continue the restructuring of Geox's business within the NOI Proceedings as well as developing its proposal to its creditors.

38. Geox has worked with the Proposal Trustee to estimate the proposed quantum of the Administration Charge and believes it to be reasonable and appropriate in view of the services to be provided by the beneficiaries of the Administration Charge in the circumstances.

39. It is also contemplated that during the pendency of the NOI Proceedings that the Company will to rely on a combination of business revenues and funding under the Topco Loan Agreement to fund the Company's working capital requirements and expenses, including legal fees incurred in respect of the NOI Proceedings.

40. I understand that Topco is supportive of the proposed Administration Charge.

41. I also understand from the Proposal Trustee that it has set out its support of the quantum and appropriateness of the proposed Administration Charge in the First Report.

#### **Extension of Stay of Proceedings**

42. Extending the Proposal Period by an additional forty-five (45) days to November 22, 2020, will allow Geox to work with its stakeholders to advance its restructuring plan and develop a proposal to its creditors.

43. I believe that the Company has been acting in good faith and with due diligence to bring this motion to, among other things, continue to productively engage with its stakeholders in order to restructure its affairs and present a proposal that will be satisfactory to its unsecured creditors.

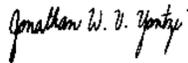
44. I am not aware of any creditors who would be materially prejudiced by an extension of the stay of proceedings to November 22, 2020. The cash flow forecast prepared by Geox, with the assistance of the Proposal Trustee, attached to the First Report, reflects that Geox will have sufficient liquidity to cover the restructuring costs throughout the proposed extension of the stay of proceedings.

45. I also understand that Topco, the Company's only secured lender, supports the relief being sought by the Company.

46. Furthermore, I understand the Proposal Trustee supports the approval of the Administration Charge and the requested stay extension sought on this motion, and will be setting out the reasons for its support in the First Report.

47. I make this affidavit in support of the motion brought by the Company in these NOI Proceedings, seeking an order, substantially in the form of the draft order attached at Tab 3 of the Company's motion record returnable October 6, 2020, and for no improper purpose.

**SWORN** remotely by Gino Stinziani, via videoconference, stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 28th day of September, 2020, in accordance with O. Reg 431/20, Declaration Remotely.



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Commissioner for Taking Affidavits

Jonathan Yantzi

*Gino Stinziani*

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**GINO STINZIANI**

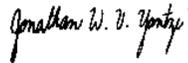
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF GINO STINZIANI

Sworn

this 28th day of September, 2020



---

Jonathan Yantzi  
Commissioner for taking Affidavits, etc



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Mississauga  
Court No. 32-2670414  
Estate No. 32-2670414

In the Matter of the Notice of Intention to make a  
proposal of:

**Geox Canada Inc.**  
Insolvent Person

**RICHTER ADVISORY GROUP INC / RICHTER GROUPE  
CONSEI**  
Licensed Insolvency Trustee

Date of the Notice of Intention: September 08, 2020

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: September 08, 2020, 12:49

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

**Canada**

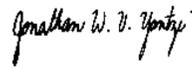
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF GINO STINZIANI

Sworn before me

this 28th day of September, 2020



---

Jonathan Yantzi

Commissioner for taking Affidavits, etc



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## Federal Corporation Information - 415527-1

[Order copies of corporate documents](#)

### **i** Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

#### **Corporation Number**

415527-1

#### **Business Number (BN)**

894060300RC0001

#### **Corporate Name**

GEOX CANADA INC.

#### **Status**

Active

#### **Governing Legislation**

*Canada Business Corporations Act - 2003-03-31*

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

[PDF Readers](#)

## **Registered Office Address**

Suite 100  
2110 Matheson Blvd. East  
Mississauga ON L4W 5E1  
Canada

### **i Note**

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

## Directors

**Minimum** 1

**Maximum** 10

Gino Stinziani  
6 Lloyd Manor Road  
Toronto ON M9B 5H6  
Canada

LIVIO LIBRALESSO  
VIA CARRIERA 7  
VENEZIA (VE)  
Italy

NICOLA TORCHETTI  
181 BAY STREET  
SUITE 1800  
TORONTO ON M5J 2T9  
Canada

### **i Note**

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

## Annual Filings

**Anniversary Date (MM-DD)**

03-31

**Date of Last Annual Meeting**

2019-02-25

**Annual Filing Period (MM-DD)**

03-31 to 05-30

**Type of Corporation**

Non-distributing corporation with 50 or fewer shareholders

**Status of Annual Filings**

2020 - Filed

2019 - Filed

2018 - Filed

## Corporate History

**Corporate Name History**

2003-03-31 to Present

GEOX CANADA INC.

**Certificates and Filings****Certificate of Incorporation**

2003-03-31

[Order copies of corporate documents](#)[Start New Search](#)[Return to Search Results](#)**Date Modified:**

2020-09-17

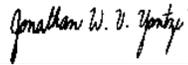
Attached is Exhibit "C"

Referred to in the

AFFIDAVIT OF GINO STINZIANI

Sworn before me

this 28th day of September, 2020



---

Jonathan Yantzi

Commissioner for taking Affidavits, etc

**Ontario Search Results**  
ID 1753354  
Search Type [BD] Business Debtor

**Your Ref No. 118-159133-KP**  
**Liens : 2 Pages : 3**

Searched : 22SEP2020 00:30 PM  
Printed : 22SEP2020 00:30 PM

PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 09/22/2020  
CCCL204 DISPLAY 1C REGISTRATION - SCREEN 1 12:30:01  
ACCOUNT : 009233-0001 FAMILY : 1 OF 2 ENQUIRY PAGE : 1 OF 3  
FILE CURRENCY : 21SEP 2020  
SEARCH : BD : GEOX CANADA INC.

00 FILE NUMBER : 723590586 EXPIRY DATE : 22DEC 2020 STATUS :  
01 CAUTION FILING : PAGE : 01 OF 001 MV SCHEDULE ATTACHED :  
REG NUM : 20161222 0859 9221 8461 REG TYP: P PPSA REG PERIOD: 4  
02 IND DOB : IND NAME:  
03 BUS NAME: GEOX CANADA INC.

OCN :  
04 ADDRESS : 100 - 2110 MATHESON BLVD E  
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4W5E1  
05 IND DOB : 12AUG1961 IND NAME: DANIEL GERVAIS  
06 BUS NAME:

OCN :  
07 ADDRESS : 1609 - 80 ABSOLUTE AVE  
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4Z0A5  
08 SECURED PARTY/LIEN CLAIMANT :  
HONDA CANADA FINANCE INC.

09 ADDRESS : 180 HONDA BLVD  
CITY : MARKHAM PROV: ON POSTAL CODE: L6C0H9  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X 57435 19DEC2020  
YEAR MAKE MODEL V.I.N.  
11 2017 ACURA MDX 5FRYD4H42HB503174

12  
GENERAL COLLATERAL DESCRIPTION  
13 00000217342471  
14  
15  
16 AGENT: SECUREFACT TRANSACTION SERVICES, INC.  
17 ADDRESS : 300 - 365 BAY STREET  
CITY : TORONTO PROV: ON POSTAL CODE: M5H2V1

PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 09/22/2020  
CCCL204 DISPLAY 1C REGISTRATION - SCREEN 1 12:30:04  
ACCOUNT : 009233-0001 FAMILY : 2 OF 2 ENQUIRY PAGE : 2 OF 3  
FILE CURRENCY : 21SEP 2020  
SEARCH : BD : GEOX CANADA INC.

00 FILE NUMBER : 763811226 EXPIRY DATE : 17JUL 2030 STATUS :  
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :  
REG NUM : 20200717 1139 1793 4566 REG TYP: P PPSA REG PERIOD: 10  
02 IND DOB : IND NAME:  
03 BUS NAME: GEOX CANADA INC.

OCN :

04 ADDRESS : 2110 MATHESON BLVD. EAST, SUITE 100  
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L4W5E1  
05 IND DOB : IND NAME:  
06 BUS NAME:

OCN :

07 ADDRESS :  
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :  
GEOX S.P.A.

09 ADDRESS : VIA FELTRINA CENTRO 16  
CITY : 31044 MONTEBELLUNA TV PROV: IT POSTAL CODE: X0X0X0  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 X X X X X  
YEAR MAKE MODEL V.I.N.

11  
12

GENERAL COLLATERAL DESCRIPTION

13 THE FULL ADDRESS OF THE SECURED PARTY IS  
14 VIA FELTRINA CENTRO 16  
15 31044 BIADENE DI MONTEBELLUNA (TV)  
16 AGENT: AIRD & BERLIS LLP (NT-103066)  
17 ADDRESS : 181 BAY STREET, SUITE 1800  
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

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PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 09/22/2020  
CCCL204 DISPLAY 1C REGISTRATION - SCREEN 1 12:30:07  
ACCOUNT : 009233-0001 FAMILY : 2 OF 2 ENQUIRY PAGE : 3 OF 3  
FILE CURRENCY : 21SEP 2020  
SEARCH : BD : GEOX CANADA INC.

34

00 FILE NUMBER : 763811226 EXPIRY DATE : 17JUL 2030 STATUS :  
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :  
REG NUM : 20200717 1139 1793 4566 REG TYP: REG PERIOD:  
02 IND DOB : IND NAME:  
03 BUS NAME: OCN :  
04 ADDRESS :  
CITY : PROV: POSTAL CODE:  
05 IND DOB : IND NAME:  
06 BUS NAME: OCN :  
07 ADDRESS :  
CITY : PROV: POSTAL CODE:  
08 SECURED PARTY/LIEN CLAIMANT :  
09 ADDRESS :  
CITY : PROV: POSTAL CODE:  
CONS. MV DATE OF OR NO FIXED  
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE  
10 YEAR MAKE MODEL V.I.N.  
11  
12  
GENERAL COLLATERAL DESCRIPTION  
13 ITALY  
14  
15  
16 AGENT:  
17 ADDRESS :  
CITY : PROV: POSTAL CODE:

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END OF REPORT



Search ID #: Z13087933

**Transmitting Party**

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW  
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #: 118-159133-KP

Search ID #: Z13087933

Date of Search: 2020-Sep-22

Time of Search: 10:29:59

**Business Debtor Search For:**

GEOX CANADA INC.

Exact Result(s) Only Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z13087933

**Business Debtor Search For:**

GEOX CANADA INC.

Search ID #: Z13087933

Date of Search: 2020-Sep-22

Time of Search: 10:29:59

Registration Number: 20071711495

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Jul-17

Registration Status: Current

Expiry Date: 2030-Jul-17 23:59:59

Exact Match on:

Debtor

No: 1

**Debtor(s)****Block****Status**

1 GEOX CANADA INC.  
2110 MATHESON BLVD. EAST, SUITE100  
MISSISSAUGA, ON L4W5E1

Current

**Secured Party / Parties****Block****Status**

1 GEOX S.P.A.  
VIA FELTRINA CENTRO16  
31044 MONTEBELLUNA TV, XX X0X0X0  
Email: pierluigi.ferro@geox.com

Current

**Collateral: General****Block****Description****Status**

1 ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.  
THE FULL ADDRESS OF THE SECURED PARTY IS  
VIA FELTRINA CENTRO16  
31044 BIADENE DI MONTEBELLUNA (TV)  
ITALY

Current

Search ID #: Z13087933

**Business Debtor Search For:**

GEOX CANADA INC.

Search ID #: Z13087933

Date of Search: 2020-Sep-22

Time of Search: 10:29:59

Registration Number: 20071711594

Registration Type: LAND CHARGE

Registration Date: 2020-Jul-17

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

**Debtor(s)**

**Block**

**Status**

1 GEOX CANADA INC.  
2110 MATHESON BLVD. EAST, SUITE100  
MISSISSAUGA, ON L4W5E1

Current

**Secured Party / Parties**

**Block**

**Status**

1 GEOX S.P.A.  
VIA FELTRINA CENTRO16  
31044 MONTEBELLUNA TV, XX X0X0X0  
Email: pierluigi.ferro@geox.com

Current

**Particulars**

**Block**

**Additional Information**

**Status**

1 LAND CHARGE

Current

THE FULL ADDRESS OF THE SECURED PARTY IS  
VIA FELTRINA CENTRO16  
31044 BIADENE DI MONTEBELLUNA (TV)  
ITALY

Result Complete

Date, heure, minute de certification : **2020-09-18 15:00**

Critère de recherche            Nom d'organisme : **GEOX CANADA INC.**

**Résultat exact (1)**

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 20-0700026-0002	2020-07-22	09:00

Date, heure, minute de certification : **2020-09-18 15:00**

Critère de recherche          Nom d'organisme : **GEOX CANADA INC.**

**Noms présentant des similarités (7)**

Nom	Code postal	Nombre de fiches détaillées
 CANADA INC	J1X 6Z6	
 CANADA INC	J4B 4B8	
 GEOS GROUP INC	G1N 3Y9	
 GEOS GROUP INC	G6W 6M9	
 GROUPE GEOS INC	G1N 3Y9	
 GROUPE GEOS INC	G6W 6M9	
 GROUPE GEOS INC GEOS GROUP INC	G1N 3Y9	

Date, heure, minute de certification : 2020-09-18 15:00

**Critère de recherche** Nom d'organisme : **GEOX CANADA INC.**

**Critère de sélection** Nom d'organisme :  
**GEOX CANADA INC**  
Code Postal :  
**L4W5E1**

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 20-0700026-0002	2020-07-22	09:00

Date, heure, minute de certification : 2020-09-18 15:00

Critère de recherche Nom d'organisme : GEOX CANADA INC.

Critère de sélection Nom d'organisme : GEOX CANADA INC Code Postal : L4W5E1

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
20-0700026-0002	2020-07-22 09:00	2030-07-22

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

**PARTIES**

**Titulaire**

GEOX S.p.A

Via Feltrina Centro 16, 31044 Biadene di Montebelluna (TV), Italy

**Constituant**

GEOX CANADA INC.

2110 Matheson Blvd. East, Suite 100, Mississauga, Ontario

L4W 5E1

**BIENS**

The Charged Property.

Definitions:

"Charged Property" means the universality of all of the movable property, rights and assets of the Grantor, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated, including, without limitation:

(a) all present and future:

- (i) Claims;
- (ii) Contractual Rights;
- (iii) Equipment;
- (iv) Hypothecated Securities;
- (v) Insurance Policies;
- (vi) Intellectual Property;
- (vii) Inventory;
- (viii) Proceeds;
- (ix) Records; and
- (x) Title Documents;

(b) all renewals, substitutions, improvements, accessions, attachments, additions, replacements and proceeds to, of or from each of the foregoing.

The term "Charged Property" shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

"Claims" means all claims of the Grantor, including, without limitation, all cash, cash equivalents, bank accounts, accounts receivable, claims, debts, accounts and monies of every nature which are now or which may at anytime hereafter be due, owing or accruing to or owned by the Grantor, and also all securities, bills, notes, negotiable instruments and other documents now held or owned or which may be hereafter taken, held or owned by the Grantor or anyone on behalf of the Grantor in respect of the foregoing or any part thereof.

"Contractual Rights" means all present and future rights of the Grantor arising under or in connection with any agreements (such as, by way of example only, construction contracts, architects' agreements, engineers' contracts, utility contracts, maintenance agreements, franchise agreements and service contracts), permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Charged Property or any part thereof.

"Equipment" means all present and future equipment and machinery of the Grantor of whatever kind and wherever situated, including, without limitation, all machinery, equipment, tools, apparatus, furniture, fixtures and vehicles of whatsoever nature or kind.

"Grantor" means GEOX CANADA INC. and its successors and permitted assigns, including, without limitation, any Person resulting from the amalgamation or continuation of the Grantor.

"Hypothecated Securities" means all securities, security entitlements, financial assets, investment property, investment certificates, futures contracts, shares, options, warrants, interests, participations, units or other equivalents of, in or issued by a trust, legal person, partnership, limited partnership or other entity, whether voting or non-voting or participating or non-participating, now or hereafter owned by the Grantor. For greater certainty, the Grantor hereby acknowledges that all present and future securities, security entitlements and financial assets described as being hypothecated hereunder shall include all securities, security entitlements and financial assets as such terms are used in the Act Respecting the transfer of Securities and the Establishment of Security Entitlements (Québec).

"Insurance Policies" means all present and future insurance policies maintained by the Grantor in respect of the Charged Property (or a portion thereof) or the life of any individual and all insurance proceeds or indemnities in respect of the Charged Property or the life of any individual payable thereunder from time to time.

"Intellectual Property" means all of the right, title and interest of the Grantor in the intellectual property and industrial property now or hereafter owned or used by the Grantor, including, without limitation, all patents, trademarks, industrial designs (as well as applications for patents, trademarks or industrial designs), copyrights, inventions, trade secrets, know-how, plant breeder's rights, topography of integrated circuits, rights related to the Grantor's clientele and good will, corporate and other business names, as well as similar rights, now or hereafter owned, used or held by the Grantor.

"Inventory" means all of the inventory of the Grantor, both present and future, including, without limitation, all raw materials, work in progress or materials used or consumed in the business of the Grantor and all other goods and all products and by-products thereof or derived therefrom, manufactured, produced or purchased for sale, lease or resale by the Grantor, or procured for such manufactured products, sale, lease or resale and all goods, wares and merchandises used or procured for the packing or shipping of any of the foregoing, and all the goods, wares and merchandises, products and by-products thereof or derived therefrom, so manufactured, produced or purchased for sale, lease or resale.

"Proceeds" means identifiable or traceable movable property, present or future, in any form derived directly or indirectly from any dealing

with the Charged Property or the proceeds therefrom including any payment or right to a payment or insurance representing an indemnity or compensation for loss of or damage to the Charged Property or any part thereof or proceeds therefrom.

"Records" means all present and future deeds, documents, books, manuals, papers, letters, invoices, writings and data (electronic or otherwise), access codes, recordings, evidencing or relating to the Charged Property or any part thereof including all copies and representations of the Intellectual Property in any form now known or in the future developed or discovered including, without limitation, those on paper, magnetic and optical media, and all working papers, notes, charges, drawings, materials and diagrams created in the process of developing the Intellectual Property.

"Title Documents" means all present and future warehouse receipts and similar documents of title relating to Inventory.

#### **MENTIONS**

##### **Somme de l'hypothèque**

The principal sum of FORTY-FIVE MILLION DOLLARS (\$45,000,000), together with interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, calculated semi-annually and not in advance.

##### **Référence à l'acte constitutif**

Forme de l'acte : Sous seing privé

Date : 2020-07-17

##### **Autres mentions :**

GEOX S.p.A authorizes the Grantor to collect all Claims forming part of the Charged Property as the same fall due and payable according to the terms of each of the documents evidencing such Claims.

#### **AVIS D'ADRESSE**

N° 062548

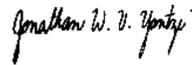
Attached is Exhibit "D"

Referred to in the

AFFIDAVIT OF GINO STINZIANI

Sworn before me

this 28th day of September, 2020



---

Jonathan Yantzi

Commissioner for taking Affidavits, etc

**LOAN AGREEMENT**

**between**

**GEOX S.P.A.**

**as Lender**

**and**

**GEOX CANADA INC.**

**as Borrower**

July 17, 2020

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## LOAN AGREEMENT

**THIS LOAN AGREEMENT** is made as of the 17<sup>th</sup> day of July, 2020.

B E T W E E N:

**GEOX S.p.A.**

(herein called the “**Lender**”)

- and -

**GEOX CANADA INC.**, a corporation incorporated under the laws of Canada

(herein called the “**Borrower**”)

**WHEREAS** the Borrower is a wholly-owned subsidiary of the Lender;

**AND WHEREAS** the Lender has provided cash to the Borrower from time to time by way of loans for working capital purposes (collectively, the “**Existing Loans**”);

**AND WHEREAS** the Borrower has requested that the Lender repay all of the Borrower’s indebtedness to Geox USA Inc., an affiliate of the Borrower, as of the date hereof, which the Lender has agreed to do;

**AND WHEREAS** the Borrower has also requested the Lender provide to it a loan facility for the purposes set forth herein, which includes the full repayment and termination of the Existing Loans;

**AND WHEREAS** the Lender is willing to provide such revolving loan facility to the Borrower for the aforesaid purposes upon the terms and conditions contained herein;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

#### 1.01 Defined Terms.

The following defined terms shall for all purposes of this Agreement (including in the recitals above), or any amendment, substitute, supplement, replacement, addition or schedule hereto, have the following respective meanings unless the context otherwise specifies or requires or unless otherwise defined herein:

“**affiliate**” shall have the meaning ascribed thereto in the *Canada Business Corporations Act*.

“**Agreement**” means this Loan Agreement, as the same may be amended, restated, supplemented or otherwise replaced or altered from time to time.

“**Applicable Law**” means all public laws, statutes, ordinances, decrees, judgments, codes, standards, acts, orders, by-laws, rules, regulations, Official Body Consents, permits, binding policies and guidelines, and requirements of all Official Bodies, which now or hereafter may be lawfully applicable to and enforceable against the Borrower or its property or any part thereof.

“**Business Day**” means any day, other than Saturday and Sunday, on which banks generally are open for business in Toronto, Ontario and Italy.

“**CAD**” or “**\$**” each denotes the lawful currency of Canada.

“**Default**” means any event which is or which, with the passage of time, the giving of notice or both, would be an Event of Default.

“**Default Rate**” has the meaning given to such term in Section 5.02(b).

“**Designated Account**” means such account of the Borrower in Canadian dollars as the Borrower and the Lender may agree upon.

“**Environmental Laws**” means all Applicable Laws relating to public health or safety or the protection of the environment.

“**Event of Default**” means any one of the events set forth in Section 11.01.

“**Facility**” means the demand revolving credit facility established by the Lender in favour of the Borrower pursuant to Section 2.01.

“**Facility Limit**” means \$35,000,000, as such amount may be reduced from time to time pursuant to Section 2.03.

“**GAAP**” means generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, as published in the Handbook of the Canadian Institute of Chartered Accountants, or any successor publication in Canada as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles, consistently applied.

“**Interest Rate**” means annual rate of interest established by the Bank of Canada as its prime rate in effect at any time plus 1.0%.

“**Lien**” means any deed of trust, mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance of whatever kind or nature, regardless of form and whether consensual or arising by law (statutory or otherwise), that secures the payment of any indebtedness or liability or the observance or performance of any obligation.

“**Loan Documents**” means this Agreement, any Security and any other agreement delivered in connection therewith.

“**Loans**” means monies lent or advances made by the Lender to the Borrower hereunder in Canadian dollars and upon which interest accrues at a rate referable to the Interest Rate.

“**Material Adverse Effect**” means a material adverse effect (or a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse effect) on:

- (a) the ability of the Borrower to perform any of its payment obligations under any of the Loan Documents; or
- (b) the ability of the Lender to enforce any payment obligations of the Borrower under any of the Loan Documents in accordance with Applicable Law.

“**Maturity Date**” means December 31, 2020, as the same may be extended pursuant to Section 6.01(b).

“**Obligations**” means all indebtedness, obligations and liabilities, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time owing by the Borrower to the Lender, or remaining unpaid by the Borrower to the Lender, including, without limitation, under or in connection with the Loan Documents.

“**Official Body**” means any national government or government of any political subdivision thereof, or any parliament, legislature, council, agency, authority, board, central bank, monetary authority, commission, department or instrumentality thereof, or any court, tribunal, grand jury, mediator or arbitrator, whether foreign or domestic, in each case having or purporting to have jurisdiction in the relevant circumstances.

“**Official Body Consent**” means any licence, right, permit, franchise, privilege, registration, direction, decree, consent, order, permission, approval or authority to be issued or provided by an Official Body.

“**Person**” means any natural person, corporation, firm, partnership, joint venture, joint stock company, incorporated or unincorporated association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

“**Security**” means all security documents made by the Borrower, in favour of or for the benefit of the Lender securing or intended to secure or support the repayment of any and all obligations and liabilities of the Borrower to the Lender under this Agreement, including the security documents described in Article 7 herein as the same have been or may at any time and from time to time hereafter be amended, restated, supplemented, otherwise modified or replaced.

“**subsidiary**” means at any time, any corporation or other Person, if at such time the Borrower owns, directly or indirectly, securities or other ownership interests in such corporation or other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such corporation or other Person. For greater certainty, “subsidiary” shall include, at any time, any general partnership in which the Borrower owns, directly or indirectly, a majority of the partnership interests therein.

**1.02 Other Usages.**

References to “this Agreement”, “the agreement”, “hereof”, “herein”, “hereto” and like references refer to this Credit Agreement and not to any particular Article, Section or other subdivision of this Agreement. Any references herein to any agreements or documents shall mean such agreements or documents as amended, supplemented, modified or replaced from time to time in accordance with the terms hereof and thereof.

**1.03 Plural and Singular.**

Where the context so requires, words importing the singular number shall include the plural and vice versa.

**1.04 Headings.**

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.05 Currency.**

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of the Canada.

**1.06 Applicable Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**1.07 Time of the Essence.**

Time shall in all respects be of the essence of this Agreement.

**1.08 Non-Business Days.**

Whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a Business Day, such payment shall be made or such action shall be taken on the next succeeding Business Day and, in the case of the payment of any amount, the extension of time shall be included for the purposes of computation of interest, if any, thereon.

**1.09 Consents, Approvals and Documentation.**

Whenever the consent or approval of a party hereto is required in a particular circumstance, unless otherwise expressly provided for herein, such consent or approval shall not be unreasonably withheld or delayed by such party.

### **1.10 Schedules.**

Each and every one of the schedules which is referred to in this Agreement and attached to this Agreement shall form a part of this Agreement.

### **1.11 Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

## **ARTICLE 2 FACILITY**

### **2.01 Establishment of Facility.**

Subject to the terms and conditions hereof, the Lender hereby establishes in favour of the Borrower, a demand revolving credit facility (the “**Facility**”) in the amount of the Facility Limit from time to time.

### **2.02 Purpose.**

The Loans shall be used to: (a) repay the Existing Loans owing to the Lender; and (b) provide for the ongoing working capital requirements of the Borrower.

### **2.03 Reduction of Facility Limit.**

The Borrower may, from time to time, by five Business Days’ notice in writing to the Lender, permanently reduce the amount of the Facility Limit to an amount not less than the amount of credit outstanding under the Facility at such time. The amount of the Facility Limit will be permanently reduced to zero upon the termination of the Facility pursuant to Section 2.04(a).

### **2.04 Termination of the Facility.**

- (a) The Facility (together with all accrued interest and all other amounts payable hereunder) shall be repaid in full (and any obligation of the Lender to make advances hereunder shall be permanently cancelled) on demand. If demand has not previously been made by the Lender, the Facility (together with all accrued interest and all other amounts payable hereunder) shall be repaid (and any obligation of the Lender to make advances hereunder shall be permanently cancelled) in full upon the earlier of:
  - (i) the Maturity Date; or
  - (ii) the termination of the Facility in accordance with Section 11.01.

- (b) Upon the termination of the Facility, the right of the Borrower to obtain any credit under the Facility and all of the obligations of the Lender to extend credit under the Facility shall automatically terminate.

### **ARTICLE 3 GENERAL PROVISIONS RELATING TO LOANS**

#### **3.01 Types of Credit Availments.**

Subject to the terms and conditions hereof, the Borrower may obtain credit from the Lender under the Facility by way of one or more Loans.

#### **3.02 Time and Place of Payments.**

Unless otherwise expressly provided herein, the Borrower shall make all payments pursuant to this Agreement, any other Loan Document or any other document, instrument or agreement delivered pursuant hereto by deposit to the Designated Account before 1:00 p.m. (Toronto time) on the day specified for payment and the Lender shall be entitled to withdraw the amount of any payment due to the Lender from the Designated Account on the day specified for payment. Any such payment received on the day specified for such payment but after 1:00 p.m. (Toronto time) thereon shall be deemed to have been received prior to 1:00 p.m. (Toronto time) on the Business Day immediately following such day specified for payment.

#### **3.03 Evidence of Indebtedness.**

The Lender shall maintain records wherein the Lender shall record the amount of outstanding Loans, each payment of principal and interest on account of any Loan and all other amounts becoming due to and being paid to the Lender hereunder. The Lender's records shall constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Lender pursuant to this Agreement.

### **ARTICLE 4 ADVANCES**

#### **4.01 Advances under the Facility.**

- (a) Subject to the terms and conditions hereunder, and relying on the representations and warranties of the Borrower set forth herein, the Lender agrees to make advances to the Borrower up to the maximum principal amount of the Facility Limit.
- (b) Advances under the Facility to be made hereunder shall be in a minimum amount of \$500,000, and be at the Lender's sole discretion and, if approved by the Lender, be deposited into an account at the written direction of the Borrower.
- (c) Notwithstanding anything to the contrary contained in this Agreement, any advances hereunder shall be at the sole discretion of the Lender and the Lender shall be under no obligation to such advances to the Borrower.

- (d) If, at any time, the Loans made in respect of the Facility exceed the Facility Limit, the Borrower shall immediately repay an amount to the Lender sufficient to reduce the Loans made in respect of the Facility to the Facility Limit.

## **ARTICLE 5 INTEREST**

### **5.01 Interest Rate.**

The Borrower shall pay to the Lender, in accordance with Section 3.02, interest on the outstanding principal amount from time to time of each Loan under the Facility and on the amount of overdue interest from time to time, at the rate per annum equal to the Interest Rate.

### **5.02 Calculation and Payment of Interest.**

- (a) Interest on the outstanding principal amount from time to time of each Loan and on the amount of overdue interest thereon from time to time shall accrue from day to day from and including the date on which credit is obtained by way of such Loan or the date on which such payment of overdue interest was due, as the case may be, to but excluding the date on which such Loan or such overdue interest, as the case may be, is repaid in full (both before and after maturity and as well after as before judgment) and shall be calculated on the basis of the actual number of days elapsed divided by 365.
- (b) Interest on overdue interest payable in respect of the Loans shall be calculated at the rate of two percent (2.0%) per annum (the “**Default Rate**”), shall be compounded monthly and shall be payable on demand.

### **5.03 General Interest Rules.**

- (a) For the purposes hereof, whenever interest is calculated on the basis of a period other than a calendar year (the “**Relevant Period**”), each rate of interest determined pursuant to such calculation expressed as an annual rate for the purposes of the *Interest Act* (Canada) is equivalent to such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the Relevant Period.
- (b) Interest on each Loan shall be payable in the currency in which such Loan is denominated during the Relevant Period.
- (c) For greater certainty, whenever any amount is payable under any Loan Document as interest or as a fee which requires the calculation of an amount using a percentage per annum, each party to this Agreement acknowledges and agrees that such amount shall be calculated as of the date payment is due without application of the “deemed reinvestment principle” or the “effective yield method”.

- (d) Any unpaid costs and expenses and other fees and charges contemplated herein which are not paid when due hereunder shall bear interest calculated at the Default Rate, which interest shall be payable on demand.
- (e) All interest accruing hereunder on all amounts outstanding from and after the first to occur of an Event of Default, the Maturity Date, or demand being made by the Lender, shall be calculated at the Default Rate calculated as aforesaid and shall be payable on demand.
- (f) For purposes of disclosure under the *Interest Act* (Canada), where in this Agreement or in any other Loan Document an annual rate of interest is to be calculated during a leap year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by 366 and divided by 365.
- (g) The Borrower hereby acknowledges and confirms that it understands the conversion formulas and how to calculate any annual rate of interest contemplated in this Section and any and all fees due and payable under this Agreement. The Lender agrees that promptly upon request by the Borrower from time to time it will assist the Borrower in calculating the effective annual rate of interest required to be disclosed pursuant to Section 4 of the *Interest Act* (Canada).
- (h) Notwithstanding any provision of this Agreement and any other Loan Document, in no event shall the aggregate “interest” (as defined in Section 347 of the Criminal Code (Canada)) payable under any Credit Document exceed the effective annual rate of interest on the “credit advanced” (as defined in that Section) under any Loan Document lawfully permitted by that Section, nor shall the interest payable under any Loan Document exceed the rate of interest which may be lawfully charged by any other Applicable Laws having application to interest payable under any Loan Document, and, if any payment, collection or demand pursuant to any Loan Document in respect of “interest” (as defined in that Section) or under any such other Applicable Laws is determined to be contrary to the provisions of that Section or such other Applicable Laws, such payment, collection or demand shall be deemed to have been made by mutual mistake of the Borrower and the Lender and the amount of such payment or collection shall be refunded to the Borrower. For the purpose of this Agreement, and to the extent permitted by law, the effective annual rate of interest shall be determined in accordance with generally accepted actuarial practices and principles over the term of the facilities hereunder and, in the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender will be *prima facie* evidence of such rate.

**ARTICLE 6**  
**REPAYMENTS AND PREPAYMENTS**

**6.01 Repayment under the Facility.**

- (a) The Facility shall be available to be repaid and re-borrowed until demand for repayment by the Lender, the Maturity Date or the occurrence of an Event of Default.
- (b) The Borrower may, by written request given to the Lender not earlier than 90 days nor later than 60 days prior to the then current Maturity Date, request that this Agreement be amended to extend the Maturity Date to a date one year later than the then current Maturity Date. The Lender may, in its sole and absolute discretion, if requested as aforesaid, agree to an extension of the then current Maturity Date. If the Lender fails to respond to any such extension request by the date which is 30 days after the date of such extension request, the Lender shall be deemed to have declined such extension request.

**6.02 Voluntary Prepayments.**

The Borrower shall be entitled to prepay and cancel all or any portion of any outstanding Loans under the Facility at any time, together with accrued interest thereon to the date of such prepayment without notice, bonus or penalty.

**6.03 Application of Payments.**

All payments received hereunder shall be applied first in satisfaction of any accrued but unpaid interest and then against any outstanding principal amount, in inverse order of maturity. Amounts under the Facility which are prepaid as aforesaid may be reborrowed.

**ARTICLE 7**  
**SECURITY**

**7.01 Security.**

- (a) The Loans shall be evidenced or secured by the following documents, made by the Borrower, which shall be provided contemporaneously with the execution of this Agreement, shall be in form and substance satisfactory to the Lender and shall be supported by all necessary resolutions and opinions (each in form and substance satisfactory to the Lender and the Lender's counsel):
  - (i) a general security agreement (Ontario law governed) from the Borrower in favour of the Lender granting a first-ranking security interest in all of their present and after-acquired personal property, assets and undertaking subject to permitted Liens;
  - (ii) a movable hypothec with respect to any personal property located in the Province of Quebec executed by the Borrower in favour of the Lender, in

form and substance satisfactory to the Lender, constituting a first-priority Lien on all property from time to time of the Borrower, subject to no Liens except permitted Liens and

- (iii) such other estoppel letters, security documents, instruments or agreements as the Lender may reasonably require.
- (b) The Borrower will from time to time at the Borrower's expense duly authorize, execute and deliver to the Lender such further instruments and documents and take such further action as the Lender may reasonably request for the purpose of obtaining or preserving the full benefits granted or intended to be granted to the Lender by the Security Agreements and of the rights and remedies therein granted to the Lender, including without limitation, the filing of financing statements or other documents under any Applicable Law with respect to the Liens created thereby. Unless prohibited by Applicable Law, the Borrower authorizes the Lender to file any such financing statement or similar documents without the signature of the Borrower.
- (c) The Borrower acknowledge that changes to Applicable Law may require the execution and delivery of different forms of documentation, and accordingly the Lender shall have the right to reasonably require that the Security Agreements be amended, supplemented or replaced (and the Borrower shall duly authorize, execute and deliver to the Lender on request any such amendment, supplement or replacement with respect to any of the Security Agreements to which the Borrower is a party): (i) to reflect any change in Applicable Law, whether arising as a result of statutory amendments, court decisions or otherwise; or (ii) to facilitate the creation and registration of appropriate forms of security in all applicable jurisdictions.

## ARTICLE 8 REPRESENTATIONS AND WARRANTIES

### 8.01 Representations and Warranties.

To induce the Lender to enter into this Agreement and to extend credit to the Borrower hereunder from time to time, the Borrower hereby represents and warrants to the Lender as at the date hereof and as at the date of each extension of credit hereunder as follows and acknowledges and confirms that the Lender is relying upon such representations and warranties in executing this Agreement and in extending credit hereunder:

- (a) **Status and Power.** The Borrower is a corporation duly formed under the laws of Canada. The jurisdictions in which the Borrower carries on business are as set out in Schedule A hereto. The Borrower is duly qualified, registered or licensed in all jurisdictions where such qualification, registration or licensing is required for the Borrower to carry on its business. The Borrower has all requisite capacity, power and authority to own, hold under licence or lease its properties, to carry on

its business and to otherwise enter into, and carry out the transactions contemplated by the Loan Documents to which it is a party.

- (b) **Authorization and Enforcement of Loan Documents.** All necessary action, corporate or otherwise, has been taken to authorize the execution, delivery and performance of each Loan Document to which it is a party by the Borrower. The Borrower has duly executed and delivered each Loan Document to which it is a party. Each Loan Document to which it is a party is a legal, valid and binding obligation of the Borrower, enforceable against the Borrower by the Lender in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other laws of general application limiting the enforcement of creditor's rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies.
- (c) **Compliance with Other Instruments.** The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party and the consummation of the transactions contemplated herein and therein (i) do not and will not conflict with, result in any breach or violation of, or constitute a default under the terms, conditions or provisions of, or result in the creation or imposition of any Lien under the articles of incorporation or by-laws of, or any unanimous shareholder agreement or declaration relating to the Borrower or of any Applicable Law or of any agreement, lease, licence, permit or other instrument to which the Borrower is a party or is otherwise bound or by which the Borrower benefits or to which its property is subject and (ii) do not require the consent or approval of any Official Body or any other Person.
- (d) **Conduct of Business.** The Borrower is not in violation of any mortgage, lease, franchise, licence, certificate of approval, permit, judgment, decree, order, statute, rule or regulation relating in any way to itself or to the operation of its business or to its property or assets, the violation of which could reasonably be expected to have a Material Adverse Effect. The Borrower has all licenses, certificates of approval, permits, registrations, approvals and consents which are required to own its properties and assets and to operate its business.
- (e) **Outstanding Defaults.** No event has occurred which constitutes or which, with the giving of notice, lapse of time or both, would have the effect of permitting the acceleration of any indebtedness or liability of the Borrower.
- (f) **No Omissions.** None of the representations and statements of fact set forth in this Section 8.01 omits to state any material fact necessary to make such representation or statement of fact not misleading in any material respect.

## **8.02 Survival of Representations and Warranties.**

All of the representations and warranties of the Borrower contained in Section 8.01 shall survive the execution and delivery of this Agreement and shall continue until all credit outstanding

hereunder has been repaid and the Facility and this Agreement have been terminated notwithstanding any investigation made at any time by or on behalf of the Lender.

## **ARTICLE 9 COVENANTS**

### **9.01 Affirmative Covenants.**

The Borrower hereby covenants and agrees with the Lender that, until all credit outstanding hereunder has been repaid in full, all other amounts owing to the Lender hereunder and under all other Loan Documents have been paid in full and the Facility has been terminated and unless otherwise consented to in writing by the Lender:

- (a) **Prompt Payment.** The Borrower shall duly and punctually pay or cause to be duly and punctually paid to the Lender all amounts payable under the Loan Documents at the times and places, in the currencies and in the manner mentioned herein and therein.
- (b) **Financial Reporting.** The Borrower shall deliver to the Lender, in form and detail satisfactory to the Lender, promptly, such financial or operating reports or statements as the Lender may, from time to time, reasonably require.
- (c) **Corporate Existence.** The Borrower shall preserve and maintain in full force and effect its corporate existence in good standing and preserve and maintain in full force and effect all requisite corporate capacity, power and authority to become and remain duly qualified, registered and licensed to (i) carry on its business in each jurisdiction in which such qualification, registration or license is necessary for the proper conduct of its business and operations, (ii) own, hold under licence or lease its properties in each jurisdiction in which such qualification, registration or license is necessary for the proper conduct of its business and (iii) carry out the transactions contemplated by the Loan Documents to which it is a party.
- (d) **Conduct of Business.** The Borrower shall conduct its business in such a manner (i) so as to comply in all material respects with its articles of incorporation and by-laws and all Applicable Laws (including, without limitation, Environmental Laws) binding on or applicable to the Borrower or to which its property is subject, (ii) so as to punctually observe and perform and remain in compliance with in all material respects all its obligations under licences, permits, franchises, approvals, registrations, certificates of approval and other authorizations (including, without limitation, those relating to environmental matters) and under leases, mortgages and agreements (including, without limitation, to the extent it is a party, the Loan Documents) to which the Borrower is a party or is otherwise bound or by which the Borrower benefits or to which its property is subject or which are necessary for the proper conduct, operation and management of its business and (iii) so as to preserve and protect its property and assets and the earnings, income and profits therefrom. The Borrower shall maintain, preserve, protect and keep its property

and assets in good working order, condition and repair. The Borrower shall perform all obligations incidental to any trust imposed upon it by statute and to ensure that any breaches of the said obligations and the consequences of any such breach shall be promptly remedied. The Borrower shall obtain and maintain all material licenses, certificates of approval, permits, registrations, approvals, consents, franchises, authorizations and other rights which are required to own its properties and assets and to operate its business where they are currently being operated.

- (e) **Taxes.** The Borrower shall, (i) file all tax returns and tax reports as and when required by law to be filed by it, (ii) pay and discharge all material taxes, rates, assessments, government fees and dues levied, assessed or imposed upon it or upon its property or assets or any part thereof, as and when the same become due and payable (save and except when and so long as the validity of any such taxes, rates, fees, dues, levies, assessments or imposts is being contested in good faith by appropriate proceedings and adequate reserves are being maintained in accordance with GAAP) and (iii) remit to the appropriate taxing authority as and when due all employee source deductions for income tax, unemployment insurance premiums and Canada Pension Plan contributions and all sales and excise taxes collected, and the Borrower shall deliver to the Lender, when requested, written evidence of such filings, payments and remittances.
- (f) **Books and Records.** The Borrower shall keep proper books of account and records covering all its business and affairs on a current basis, make full, true and correct entries of its transactions in such books in accordance with GAAP, set aside on its books from its earnings all such proper reserves as required by GAAP and permit representatives of the Lender to inspect such books of account, records and documents and, at the expense of the Borrower, to make copies therefrom during reasonable business hours and, unless a Default has occurred and is continuing, upon reasonable notice and to discuss the business affairs, properties, finances and accounts of the Borrower with the officers and employees of the Borrower and with its auditors and accountants during reasonable business hours and upon reasonable notice. The Borrower shall pay any fees charged by such accountants and auditors in connection with the foregoing.

## 9.02 Restrictive Covenants.

The Borrower hereby covenants and agrees with the Lender that, until all credit outstanding hereunder has been repaid in full, all other amounts owing to the Lender hereunder and under all other Loan Documents have been paid in full and the Facility has been terminated and unless otherwise consented to in writing by the Lender:

- (a) **Disposition of Assets.** The Borrower shall not dispose of, or shall grant to any Person the right to acquire, any of its property or assets out of the ordinary course of its business unless the net proceeds of such disposition are used to repay outstanding Loans under the Facility.

- (b) **Business Changes.** The Borrower shall not carry on or engage in business other than business of the same general type as now conducted by the Borrower.

### **9.03 Performance of Covenants by Lender.**

The Lender may, upon notice by the Lender to the Borrower, perform any covenant of the Borrower under this Agreement which the Borrower fail to perform or cause to be performed and which the Lender is capable of performing, including any covenants the performance of which requires the payment of money, provided that the Lender shall not be obligated to perform any such covenant on behalf of the Borrower and no such performance by the Lender shall require the Lender to further perform such covenants or shall operate as a derogation of the rights and remedies of the Lender under this Agreement or as a waiver of such covenant by the Lender. Any amounts paid by the Lender as aforesaid shall be repaid by the Borrower to the Lender on demand.

## **ARTICLE 10 CONDITIONS PRECEDENT TO OBTAINING CREDIT**

### **10.01 Conditions Precedent to All Credit.**

The obligation of the Lender to make any advances hereunder is subject to fulfilment of the following conditions precedent at the time such advance is made by the Lender:

- (a) no Default has occurred and is continuing or would arise immediately after giving effect to or as a result of such extension of credit;
- (b) the Borrower shall have complied with the requirements of Article 4 in respect of the relevant extension of credit;
- (c) the Lender shall be satisfied, in its sole and absolute discretion, with the Security and shall have received a duly executed copy of this Agreement and all Security;
- (d) the Lender and its counsel shall be satisfied that:
  - (i) all necessary registrations with respect to the Security have been completed in all appropriate jurisdictions; and
  - (ii) all necessary approvals, acknowledgements, directions and consents have been given and all Applicable Laws have been complied with in respect of all agreements and transactions referred to therein;
- (e) the representations and warranties of the Borrower contained in the Loan Documents shall be true and correct in all material respects on the date such credit is extended as if such representations and warranties were made on such date; and
- (f) the Facility has not been terminated pursuant to Section 2.04.

**10.02 Waiver.**

The terms and conditions of Section 10.01 are inserted for the sole benefit of the Lender and the Lender may waive them in whole or in part, with or without terms or conditions, in respect of any extension of credit, without prejudicing its right to assert them in whole or in part in respect of any other extension of credit.

**ARTICLE 11  
DEFAULT AND REMEDIES****11.01 Events of Default.**

Without limiting the Lender's right to demand repayment of the Facility, upon the occurrence of any one or more of the following events, unless expressly waived in writing by the Lender:

- (a) the non-payment of any amount due hereunder or under any other Loan Document when due (including, without limitation, on demand made by the Lender);
- (b) the commencement of proceedings for the dissolution, liquidation or winding up of the Borrower for the suspension of the operations of the Borrower (provided that, if such proceedings are commenced by a Person other than the Borrower, such proceedings shall only constitute an Event of Default if (x) such proceedings are not being diligently defended or (y) such proceedings have not been discharged, vacated or stayed with 15 days after commencement);
- (c) the Borrower:
  - (i) ceases or threatens to cease to carry on its business;
  - (ii) admits its inability to pay its debts generally as they become due or fails to pay its debts generally as they become due;
  - (iii) files an assignment or petition in bankruptcy or a petition to take advantage of any insolvency statute;
  - (iv) makes an assignment for the benefit of its creditors;
  - (v) petitions or applies to any tribunal for or consents to the appointment of a receiver or trustee for it or for part of its assets;
  - (vi) files a petition, notice or answer seeking a reorganization, proposal, arrangement, adjustment or composition under applicable bankruptcy laws or any other applicable law or statute; or
  - (vii) is adjudged by a court having jurisdiction as bankrupt or insolvent;

- (d) a decree or order of a court having jurisdiction is entered for the appointment of a receiver, liquidator, trustee or assignee in bankruptcy for the Borrower or for any part of the property of the Borrower;
- (e) any representation or warranty made by the Borrower in any Loan Document or in any other document, agreement or instrument delivered pursuant hereto proves to have been incorrect in any material respect when made or furnished and such Event of Default has not been cured within ten Business Days after written notice to do so has been given by the Lender to the Borrower;
- (f) a writ, execution, attachment or similar process is issued or levied against all or any portion of any property or asset of the Borrower in connection with any judgment against the Borrower in an amount exceeding \$50,000 and such writ, execution, attachment or similar process is not released, bonded, satisfied, discharged, vacated or stayed within 30 days after its entry, commencement or levy;
- (g) a default or an event of default (after the giving of all applicable notices or the expiry of all applicable grace or cure periods) under any one or more agreements, indentures or instruments under which the Borrower has outstanding indebtedness in an amount of at least \$50,000 or under which any indebtedness in an amount of at least \$50,000 is outstanding which is guaranteed by the Borrower shall happen and be continuing or any indebtedness of or guaranteed by the Borrower in an amount of at least \$50,000 which is payable on demand is not paid on demand;
- (h) the breach or failure of due observance or performance by the Borrower of any covenant or provision of any of the Loan Documents, other than those heretofore or hereafter expressly dealt with in this Section 11.01, or of any other document, agreement or instrument delivered pursuant hereto or referred to herein which is not remedied within ten Business Days after written notice to do so has been given by the Lender to the Borrower;
- (i) one or more encumbrancers, lienors or landlords take possession of any property, assets or undertaking of the Borrower having a fair market value in excess of \$50,000 or enforce their security or other remedies against any part of the assets, property and undertaking of the Borrower having a fair market value in excess of \$50,000 and such action is not being contested in good faith and by appropriate proceedings or, if so contested, such possession or enforcement proceedings continue for more than thirty (30) days;
- (j) any one or more of the Loan Documents is determined by a court of competent jurisdiction not to be a legal, valid and binding, obligation of the Borrower, enforceable by the Lender against the Borrower and such Loan Document has not been replaced by a legal, valid, binding and enforceable document which is equivalent in effect to such Loan Document, assuming such Loan Document had originally been legal, valid, binding and enforceable, in form and substance acceptable to the Lender, within thirty (30) days of such determination, provided,

however, that such grace period shall only be provided if the Borrower actively cooperates with the Lender to so replace such Loan Document; or

- (k) there is a change of control of the Borrower;

the Lender may, by notice to the Borrower, terminate the Facility and the Lender may, by the same notice or by further notice to the Borrower, declare all indebtedness of the Borrower to the Lender pursuant to this Agreement to be immediately due and payable whereupon all such indebtedness shall immediately become and be due and payable without further demand or other notice of any kind, all of which are expressly waived by the Borrower (provided, however, that the Facility shall terminate and all such indebtedness of the Borrower to the Lender shall automatically become due and payable, without notice of any kind, upon the occurrence of an event described in clause (b), (c) or (d) above).

### **11.02 Remedies Cumulative.**

The Borrower expressly agrees that the rights and remedies of the Lender under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant or condition in this Agreement does not waive, alter, affect or prejudice any other right or remedy to which the Lender may be lawfully entitled for the same default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant or condition of this Agreement is not a waiver of any subsequent default and any indulgence by the Lender with respect to any failure to strictly observe, perform or comply with any term, covenant or condition of this Agreement is not a waiver of the entire term, covenant or condition or any subsequent default.

## **ARTICLE 12 MISCELLANEOUS**

### **12.01 Waivers.**

No failure or delay by the Lender in exercising any remedy, right or power hereunder or otherwise shall operate as a waiver thereof, except a waiver which is specifically given in writing by the Lender, and no single or partial exercise of any power, right or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other power, right or privilege.

### **12.02 Notices.**

All notices, demands and other communications provided for in this Agreement shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by email transmission, charges prepaid, at or to the applicable addresses or email addresses, as the case may be, set opposite the party's name on the signature page hereof or at or to such other address or addresses or email address or addresses as any party hereto may from time to time designate to the other parties in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00

p.m. (Toronto time); otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by email transmission as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made prior to 4:00 p.m. (Toronto time); otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

### **12.03 Severability.**

Any provision hereof which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

### **12.04 Counterparts.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

### **12.05 Successors and Assigns.**

This Agreement shall ensure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

### **12.06 Assignment.**

Neither the Loan Documents nor the benefit thereof may be assigned by either party without the prior written consent of other party.

### **12.07 Entire Agreement.**

This Agreement and the agreements referred to herein and delivered pursuant hereto constitute the entire agreement between the parties hereto and supersede any prior agreements, commitment letters, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof.

### **12.08 Judgment Currency.**

- (a) If, for the purpose of obtaining or enforcing judgment against the Borrower in any court in any jurisdiction, it becomes necessary to convert into a particular currency (such currency being hereinafter in this Section 12.08 referred to as the “**Judgment Currency**”) an amount due in another currency (such other currency being hereinafter in this Section 12.08 referred to as the “**Indebtedness Currency**”) under this Agreement, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding:
  - (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Ontario or in the courts of any

other jurisdiction that will give effect to such conversion being made on such date; or

- (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 12.08(a)(ii) being hereinafter in this Section 12.08 referred to as the “**Judgment Conversion Date**”).
- (b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 12.08(a)(ii), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Borrower shall pay to the Lender such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Indebtedness Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.
- (c) Any amount due from the Borrower under the provisions of Section 12.08(b) shall be due to the appropriate judgment creditor or creditors as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement.
- (d) The term “rate of exchange” in this Section 12.08 means the noon spot rate of exchange for Canadian interbank transactions applied in converting the Indebtedness Currency into the Judgment Currency published by the Bank of Canada for the day in question.

## **12.09 Language**

The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c’est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.*

*[Remainder of the page intentionally left blank]*

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first written above.

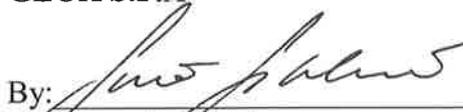
GEOX S.p.A  
Via Feltrina Centro 16  
31044 Biadene di Montebelluna (TV)  
Italy

Attention: Pierluigi Ferro  
Email: [pierluigi.ferro@geox.com](mailto:pierluigi.ferro@geox.com)

Geox Canada Inc.  
2110 Matheson Blvd., East,  
Suite 100  
Mississauga, ON  
L4W 5E1

Attention: Chantell Mouton  
Email: [chantell.mouton@geox.com](mailto:chantell.mouton@geox.com)

**GEOX S.P.A**

By:   
Name: Livio Libralesso  
Title: Authorized Signing Officer

**GEOX CANADA INC.**

By: \_\_\_\_\_  
Name: Gino Stinziani  
Title: Director

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first written above.

GEOX S.p.A  
Via Feltrina Centro 16  
31044 Biadene di Montebelluna (TV)  
Italy

Attention: Pierluigi Ferro  
Email: [pierluigi.ferro@geox.com](mailto:pierluigi.ferro@geox.com)

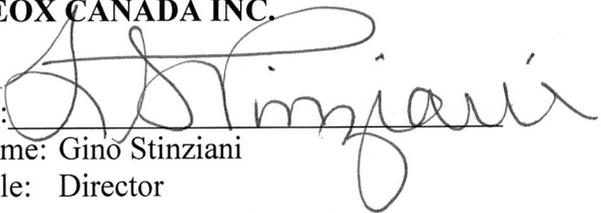
Geox Canada Inc.  
2110 Matheson Blvd., East,  
Suite 100  
Mississauga, ON  
L4W 5E1

Attention: Chantell Mouton  
Email: [chantell.mouton@geox.com](mailto:chantell.mouton@geox.com)

**GEOX S.P.A**

By: \_\_\_\_\_  
Name: Livio Libralesso  
Title: Authorized Signing Officer

**GEOX CANADA INC.**

By:   
Name: Gino Stinziani  
Title: Director

**SCHEDULE A  
DISCLOSURE SCHEDULE**

**Section 8.01(a) - Jurisdictions Where Business Carried On**

*Borrower*

- Alberta
- British Columbia
- Quebec
- Ontario

40242664.5

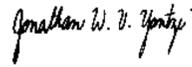
Attached is Exhibit "E"

Referred to in the

AFFIDAVIT OF GINO STINZIANI

Sworn before me

this 28th day of September, 2020



---

Jonathan Yantzi

Commissioner for taking Affidavits, etc

## GENERAL SECURITY AGREEMENT

**THIS GENERAL SECURITY AGREEMENT** is made as of the 17<sup>th</sup> day of July, 2020.

BETWEEN:

**GEOX S.P.A.**

(the “**Secured Party**”)

- and -

**GEOX CANADA INC.**

(the “**Debtor**”)

**WHEREAS:**

- A. The Debtor has entered into the Loan Agreement (as defined below), pursuant to which it will become indebted to the Secured Party; and
- B. It is condition of the Loan Agreement that the Debtor execute and deliver this Agreement to the Secured Party.

**THIS AGREEMENT WITNESSES** that, in consideration of the promises contained herein and other good and valuable consideration, the Debtor agrees with the Secured Party as follows:

### ARTICLE 1 - INTERPRETATION

#### 1.1 Certain Defined Terms

All capitalized terms used herein but not defined shall have the meanings given to such terms in the Loan Agreement, and, in addition, in this Agreement and in any amendments hereto, unless the context otherwise requires:

- (a) “**Agreement**” means this General Security Agreement, as the same may be amended, restated, supplemented or otherwise replaced or altered from time to time;
- (b) “**Collateral**” means the undertaking of the Debtor and all real and personal property and assets now owned or hereafter acquired by the Debtor, wheresoever located, including, without limitation, the property and assets of the Debtor referred to in Section 2.1; provided always that the term “Collateral” when used herein shall not include any consumer goods of the Debtor. Any reference to

“Collateral” herein shall be deemed to be a reference to the Collateral or any part thereof;

- (c) “**Loan Agreement**” means the loan agreement made as of the date hereof between the Secured Party, as lender, and the Debtor, as borrower, as the same may be amended, restated, modified or replaced from time to time, and pursuant to which the Secured Party established a certain credit facility in favour of the Debtor;
- (d) “**Permitted Liens**” means any one or more of the following with respect to the property and assets of the Debtor:
  - (i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which are being contested in good faith by proper legal proceedings and in respect of which an amount in cash sufficient to pay such taxes, assessments, charges or levies shall have been deposited with a court having jurisdiction or with the applicable taxing or assessing authority or with the Secured Party, or a surety bond, satisfactory to the Secured Party acting reasonably, in such amount shall have been delivered to and deposited with the Secured Party;
  - (ii) the lien of any judgment rendered or claim filed which is being contested in good faith by proper legal proceedings and in respect of which an amount in cash sufficient to pay such judgment or claim shall have been deposited with a court having jurisdiction or with the Secured Party, or a surety bond, satisfactory to the Secured Party acting reasonably, in such amount shall have been delivered to and deposited with the Secured Party;
  - (iii) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not yet due or delinquent;
  - (iv) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired by the Debtor, or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
  - (v) the Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers’ compensation, surety or appeal bonds, costs of litigation when required by law and public and statutory obligations, liens or claims incidental to construction, mechanics’, warehouseman’s, carriers’ and other similar liens;
  - (vi) security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in

connection with the operations of the Debtor, all in the ordinary course of its business;

- (vii) security given to the Secured Party; and
- (viii) the Liens listed in any schedule attached hereto and designated as “Permitted Liens”, together with any other Liens expressly permitted by the provisions hereof or otherwise approved in writing by the Secured Party;

provided that nothing in this definition or this Agreement shall (A) be construed as evidencing an intention or agreement on the part of the Secured Party that the Security Interest or the Obligations hereunder be or have been subordinated to any such Permitted Lien, or (B) cause any such subordination to occur;

- (e) “**PPSA**” means the *Personal Property Security Act* (Ontario) as the same may from time to time hereafter be amended or any legislation that may be substituted therefor as the same may from time to time be amended;
- (f) “**Security Interest**” means collectively the mortgage, charge, pledge, assignment and transfer of, and the security interest in, the Collateral granted to the Secured Party by the Debtor pursuant to Section 2.1; and
- (g) “**this Agreement**”, “**hereof**”, “**herein**”, “**hereto**” and like references refer to this Agreement and any schedules, exhibits or appendices hereto and not to any particular Article, section or other subdivision of this Agreement.

## 1.2 Terms Defined By the PPSA

Unless there is something in the context or subject-matter inconsistent therewith, words and phrases not otherwise herein defined that are defined in the PPSA shall have the meanings ascribed thereto respectively by the PPSA.

## 1.3 Headings

The division of this Agreement into Articles and sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## 1.4 Number and Gender

In this Agreement, where the context so requires, words importing the singular number shall include the plural and vice versa, words importing any gender shall include all genders (including the neuter), and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

## 1.5 Currency

Unless otherwise specified herein, all statements of or references to dollar amounts in this Agreement shall mean lawful money of Canada.

## 1.6 Prohibited Provisions

If any provision herein is determined to be void, voidable or unenforceable, in whole or in part, such determination shall not affect or impair or be deemed to affect or impair the validity of any other provision hereof and all the provisions hereof are hereby declared to be separate, severable and distinct.

## 1.7 Applicable Law and Attornment Clause

This Agreement and all documents delivered pursuant hereto shall be governed by and construed in accordance with the PPSA and the other laws of the Province of Ontario, and the parties hereby attorn to the non-exclusive jurisdiction of the courts of such province.

# ARTICLE 2 - CREATION AND ATTACHMENT OF SECURITY INTEREST

## 2.1 Grant of Security Interest and Description of Certain Collateral

As continuing collateral security for the due and timely payment and performance by the Debtor of the Obligations, the Debtor hereby mortgages, charges, pledges, assigns, transfers and sets over to the Secured Party, and grants to the Secured Party a general and continuing security interest in, the Collateral, which shall include but not be limited to:

- (a) **Accounts:** all accounts, debts, amounts, claims, choses in action and moneys which now are, or which may at any time hereafter become, due or owing to or owned by the Debtor, whether or not earned by performance, including without limitation any and all accounts receivable arising or resulting from the sale, lease, use, assignment or other disposition of any property described in this Section 2.1; all securities, mortgages, bills, notes and other documents now held or owned, or which may be hereafter taken, held or owned, by or on behalf of the Debtor, in respect of such accounts, debts, amounts, claims, choses in action and moneys or any part thereof; and all books, documents and papers recording, evidencing or relating to such accounts, debts, amounts, claims, choses in action and moneys or any part thereof;
- (b) **Chattel Paper:** all present and future agreements made between the Debtor as secured party and others which evidence both a monetary obligation and a security interest in or a lease of specific goods;
- (c) **Documents:** all books of account and other books, invoices, writings, letters, papers and other documents whether in written, magnetic, electronic or other form, relating to or being records of the Collateral or by which any of the Collateral is secured, evidenced, acknowledged or made payable;

- (d) **Documents of Title:** all writings now or hereafter owned by the Debtor, each of which writing purports to be issued by or addressed to a bailee and purports to cover such goods and chattels in the bailee's possession as are identified or fungible portions of an identified mass, whether such goods and chattels are inventory or equipment, and which writing is treated in the ordinary course of business as establishing that the person in possession of such writing is entitled to receive, hold and dispose of such writing and the goods and chattels it covers, and further, whether such writing is negotiable in form or otherwise, including bills of lading and warehouse receipts;
- (e) **Equipment:** all equipment now owned or hereafter acquired by the Debtor, including, without limitation, all machinery, fixtures, plant, tools, furniture, chattels, vehicles of any kind or description including, without limitation, motor vehicles, parts, accessories installed in or affixed or attached to any of the foregoing, all purchase warranties and claims, drawings, specifications, plans and manuals relating thereto, any equipment specified as equipment of the Debtor and described in any schedule, exhibit or appendix hereto and any other tangible personal property which is not inventory;
- (f) **Instruments:** all present and future bills, notes and cheques (as such terms are defined pursuant to the *Bills of Exchange Act* (Canada)) of the Debtor, and all other writings that evidence a right to the payment of money and are of a type that in the ordinary course of business are transferred by delivery and all letters of credit and advices of credit provided that such letters of credit and advices of credit state that they must be surrendered upon claiming payment thereunder;
- (g) **Intangibles:** subject to Section 2.5, all intangible property now owned or hereafter acquired by the Debtor and which is not accounts including, without limitation, all contractual rights, insurance claims, goodwill, licences, inventions, franchises, designer rights, know-how processes and formulae, patents, patent applications, trade marks, trade names, copyrights and other intellectual or industrial property of the Debtor, whether registered or not and whether under licence or otherwise, and all other choses in action of the Debtor of every kind, whether due or owing at the present time or hereafter to become due or owing;
- (h) **Inventory:** all goods and chattels now or hereafter forming the inventory of the Debtor including, without limitation, all goods, merchandise, raw materials, work in process, finished goods, goods held for sale, resale or lease or that have been leased or that are to be, or have been, furnished under a contract of service, and goods used in or procured for packing or packaging, timber to be cut, minerals and hydrocarbons to be extracted, all livestock and their unborn young and all growing crops;
- (i) **Money:** all money now or hereafter owned by the Debtor, whether or not such money is authorized or adopted by the Parliament of Canada as part of its currency or by any foreign government as part of its currency;

- (j) **Investment Property:** all present and future investment property held by the Debtor, including securities, security entitlements, securities accounts, future contracts, future accounts, shares, options, rights, warrants, joint venture interests, interests in limited partnerships, trust units, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer, together with all accretions thereto, all substitutions therefor, all dividends and income derived therefrom and all rights and claims in respect thereof; and
- (k) **Leases:** subject to Section 2.4, all leases now owned or hereafter acquired by the Debtor as tenant (whether oral or written) or any agreement therefor, together with all of the Debtor's erections, improvements and fixtures situate thereupon.

## 2.2 Proceeds

The Security Interest shall extend to all proceeds (other than consumer goods) of the Collateral.

## 2.3 Attachment

The Debtor hereby acknowledges that value has been given by the Secured Party for the granting of the Security Interest, that the Debtor has rights in the Collateral (other than future and hereafter acquired Collateral), and that the parties have agreed not to postpone the time for attachment of the Security Interest.

## 2.4 Exception re: Last Day of Leases

The last day of the term of any lease, sublease or agreement therefor, oral or written, now held or hereafter acquired by the Debtor is specifically excepted from the Security Interest and shall not form part of the Collateral, but the Debtor agrees to stand possessed of such last day in trust for such person as the Secured Party may direct and the Debtor shall assign and dispose thereof in accordance with such direction.

## 2.5 Exception re: Contractual Rights, Licences, etc.

To the extent that the Security Interest would constitute a breach or cause the acceleration of any agreement, lease, contractual right, licence, approval, privilege, franchise or permit to which the Debtor is a party, the Security Interest shall not attach thereto but the Debtor shall hold its interest therein in trust for the Secured Party, and shall grant a security interest in such agreement, contractual right, licence or permit to the Secured Party forthwith upon obtaining the appropriate consents to the creation of such security interest. The Debtor agrees to use commercially reasonable efforts to obtain any such consent from time to time requested by the Secured Party.

## 2.6 Amalgamation

In the event that the Debtor shall amalgamate with any other corporation or corporations:

- (a) the term “Debtor” wherever used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and the indebtedness, obligations and liabilities of each of them shall be included in the Obligations; and
- (b) the Security Interest shall extend to and the Collateral shall include all the property and assets of each of the amalgamating corporations and the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired.

### ARTICLE 3 - WARRANTIES AND COVENANTS OF THE DEBTOR

#### 3.1 Warranties and Covenants

The Debtor hereby warrants, covenants and agrees with the Secured Party as follows:

- (a) **French Form of Name:** The French form of the Debtor’s corporate name (if any) is set out below:

N/A

Where no French form of the Debtor’s corporate name is set out above, this provision shall be deemed to be a representation by the Debtor that there is no French form of its corporate name as of the date hereof.

- (b) **Chief Executive Office and Account Records:** The Debtor will keep its chief executive office and its records concerning its accounts receivable and other accounts located at the address set out in Section 6.4 as the initial address for notice to the Debtor or, upon twenty Business Days prior notice to the Secured Party, at such other location in a jurisdiction where all actions required to be taken with respect thereto by or on behalf of the Secured Party pursuant to Section 6.5 have been taken.
- (c) **Location of Collateral:** The Collateral is now and will be located at or in transit to or from:
  - (i) the locations of the Debtor listed of the Disclosure Schedule to the Loan Agreement and with the prior written consent of the Lender, any other location; or
  - (ii) upon twenty (20) Business Days prior notice to the Secured Party, such other location in a jurisdiction where all actions that the Secured Party shall require be taken pursuant to Section 6.5 have been taken.
- (d) **Condition of Collateral:** The Debtor shall keep the Collateral in good condition and repair, normal wear and tear excepted.

- (e) **Rents, Taxes, etc.:** The Debtor shall pay all rents, taxes, rates, levies, assessments and other charges lawfully levied, imposed upon or assessed against or in respect of the Collateral, or the income and profits of the Debtor, when the same become payable.
- (f) **Compliance with Law and Contracts:** The Debtor shall observe and perform all its obligations under all material leases, licences, undertakings and agreements to which it is a party, obtain and preserve its rights, powers, licences, privileges, franchises and goodwill thereunder, and comply with all applicable laws, by-laws, rules, regulations and ordinances in a proper and efficient manner so as to preserve and protect the Collateral and the business and undertaking of the Debtor in all material respects.
- (g) **Accessions/Fixtures:** The Debtor shall prevent the Collateral from becoming an accession to any personal property not subject to this Agreement or becoming affixed to any real property, without the prior written consent of the Secured Party.
- (h) **Delivery of Certain Property:** The Debtor shall from time to time deliver to the Secured Party promptly upon request (and, if so requested, from time to time as they are acquired by the Debtor) all items of Collateral comprising Chattel Paper, Instruments, Investment Property (to the extent certificated) and those Documents of Title which are negotiable.
- (i) **Comply with Trusts:** The Debtor shall perform all obligations incidental to any trust imposed upon it by statute and shall ensure that any breaches of such obligations and the consequences of any such breach shall be promptly remedied.
- (j) **Right to Inspect Collateral:** The Debtor shall permit a representative of the Secured Party to inspect the Collateral and the operations of the Debtor and for that purpose to enter the Debtor's premises and any other location where the Collateral may be situated during reasonable business hours and upon reasonable notice.
- (k) **Information Regarding Collateral:** The Debtor shall:
  - (i) keep proper books of account and records covering all its business and affairs on a current basis as well as accurate and complete records concerning the Collateral;
  - (ii) notify the Secured Party promptly of any loss or damage to or any seizure of any significant portion of the Collateral;
  - (iii) furnish the Secured Party with such information regarding the Collateral and its value and location as the Secured Party may from time to time reasonably request;

- (iv) permit a representative of the Secured Party, during reasonable business hours and upon reasonable notice, to inspect the Debtor's books of account, records and documents and to make copies, extracts and summaries therefrom; and
  - (v) permit the Secured Party or its representative to make inquiries of third parties for the purpose of verification of any of the foregoing.
- (l) **Payment of Expenses:** The Debtor shall pay or reimburse the Secured Party for all costs and expenses of the Secured Party, its agents, officers and employees (including, without limitation, legal fees and disbursements on a substantial indemnity basis) incurred with respect to:
- (i) the preparation, perfection, execution and filing of this Agreement and the filing of financing statement(s) and financing change statement(s) with respect to this Agreement;
  - (ii) any person engaged by the Secured Party to conduct an inspection under either of paragraph (k) or (l) above; and
  - (iii) dealing with other creditors of the Debtor in connection with the establishment, confirmation, amendment or preservation of the priority of the Security Interest;

such costs and expenses to be payable by the Debtor to the Secured Party on demand, to bear interest at the highest rate per annum borne by any of the Obligations, calculated and compounded monthly, and (with all such interest) to be added to and form part of the Obligations.

- (m) **Notice of Certain Changes:** The Debtor shall promptly notify the Secured Party in writing of the details of:
- (i) any amendment to its articles, including without limitation by virtue of the filing of articles of amalgamation, effecting a change in the Debtor's name or authorizing it to use a French version of its name;
  - (ii) any claim, litigation or proceedings before any court, administrative board or other tribunal which either does or could have a material adverse effect on the Collateral or the Debtor;
  - (iii) any claim, lien, attachment, execution or other process or Lien made or asserted against or with respect to the Collateral which either does or could have a material adverse effect on the Security Interest;
  - (iv) any transfer of the Debtor's interest in the Collateral, whether or not permitted hereunder; or

- (v) any material loss of or damage to the Collateral, whether or not such loss or damage is covered by insurance.
- (n) **Amalgamations, Mergers, etc.:** The Debtor shall not, without the prior written consent of the Secured Party, amalgamate with any other corporation or corporations or enter into any arrangement or agreement, which, either separately or in combination with any other transactions, arrangements or agreements, would have the effect of the Debtor merging, amalgamating or entering into any joint venture or co-tenancy arrangement with any other person.
- (o) **Insurance:** The Debtor shall keep the Collateral insured to its full insurable value or on a replacement-cost basis against loss or damage by fire, theft and other usual perils, in such amounts and with such insurers as the Secured Party may reasonably require from time to time. All policies of insurance shall name the Secured Party as loss payee, mortgagee or additional insured, and the Debtor shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party. The Secured Party may apply any proceeds of such insurance which it is entitled to receive towards payment of the Obligations, whether or not due, in such order of application as the Secured Party may determine.
- (p) **Collateral Consisting of Investment Property:** If any of the Collateral consists of Investment Property, (a) the Debtor authorizes the Secured Party to transfer such Collateral or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear of record as the sole owner thereof; provided, that so long as no Event of Default has occurred, the Secured Party shall deliver promptly to the Debtor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Debtor or its designee a proxy or proxies to vote and take all action with respect to such property; provided further that after the occurrence of an Event of Default, the Debtor waives all rights to be advised of or to receive any notices, statements or communications received by the Secured Party or its nominee as such record owner, and agrees that no proxy or proxies given by the Secured Party to the Debtor or its designee as aforesaid shall thereafter be effective; and (b) the Debtor further agrees to execute such other documents and to perform such other acts, and to cause any issuer or securities intermediary to execute such other documents and to perform such other acts as may be necessary or appropriate in order to give the Secured Party “control” of such Investment Property, as defined in the *Securities Transfer Act, 2006* (Ontario), which “control” shall be in such manner as the Secured Party shall designate in its sole judgment and discretion, including, without limitation, an agreement by any issuer or securities intermediary that it will comply with instructions in the case of an issuer or entitlement orders in the case of a securities intermediary, originated by the Secured Party, whether before or after the occurrence of an Event of Default, without further consent by the Debtor.

### **3.2 Performance of Covenants by the Secured Party**

The Secured Party may, in its sole discretion and upon notice to the Debtor, perform any covenant of the Debtor under this Agreement that the Debtor fails to perform and that the Secured Party is capable of performing, including any covenant the performance of which requires the payment of money, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Debtor. No such performance by the Secured Party will require the Secured Party further to perform the Debtor's covenants nor relieve the Debtor from any default or operate as a derogation of the rights and remedies of the Secured Party under this Agreement. The Debtor agrees to indemnify and to reimburse the Secured Party for all costs and expenses incurred by the Secured Party in connection with the performance by it of any such covenant, and all such costs and expenses shall be payable by the Debtor to the Secured Party on demand, shall bear interest at the highest rate per annum borne by any of the Obligations, calculated and compounded monthly, and shall (with all such interest) be added to and form part of the Obligations.

## **ARTICLE 4 - RESTRICTIONS ON DISPOSAL OF COLLATERAL**

### **4.1 General Restrictions**

Except as herein expressly provided, the Debtor shall not, without the prior written consent of the Secured Party:

- (a) create, allow to be created, assume or suffer to exist any Lien upon the Collateral, other than Permitted Liens ranking or purporting to rank in priority to or *pari passu* with the Security Interest;
- (b) sell, lease, assign or otherwise dispose of or deal with the Collateral; or
- (c) release, surrender or abandon possession of the Collateral.

Save as herein otherwise expressly provided, nothing herein shall be construed as constituting an express or implied subordination or postponement of the Security Interest in favour of any Permitted Lien.

### **4.2 Permitted Dispositions**

This Agreement and the Security Interest shall in no way hinder or prevent the Debtor, without the prior written consent of the Secured Party, at any time and from time to time until an Event of Default shall have occurred and the Security Interest shall have become enforceable:

- (a) from collecting and, where necessary, enforcing the collection of all amounts due or to become due to the Debtor under any account; and
- (b) from selling, leasing, licensing, consigning or otherwise disposing of inventory or of any obsolete, worn out, damaged or otherwise unsuitable equipment forming part of the Collateral, in the ordinary course of the Debtor's business and for the purpose of carrying on the same.

### **4.3 Income from and Interest on Collateral Consisting of Investment Property**

- (a) Until the occurrence of an Event of Default, the Debtor reserves the right to receive all income from or interest on the Collateral consisting of Investment Property, and if the Secured Party receives any such income or interest prior to such an Event of Default, the Secured Party shall pay such income or interest promptly to the Debtor.
- (b) Upon the occurrence of an Event of Default, the Debtor will not demand or receive any income from or interest on such Collateral, and if the Debtor receives any such income or interest without any demand by it, such income or interest shall be held by the Debtor in trust for the Secured Party in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be delivered to the Secured Party in the form received, properly endorsed to permit collection, not later than the next business day following the day of its receipt. The Secured Party may apply the net cash receipts from such income or interest to payment of any of the Obligations, provided that the Secured Party shall account for and pay over to the Debtor any such income or interest remaining after payment in full of the Obligations.

## **ARTICLE 5 - DEFAULT AND ENFORCEMENT**

### **5.1 Events of Default**

The occurrence of an Event of Default under the Loan Agreement shall be deemed to be a default hereunder.

### **5.2 Remedies**

Upon the occurrence of an Event of Default, the Security Interest shall immediately become enforceable and the Secured Party may, forthwith or at any time thereafter and without notice to the Debtor except as required by the PPSA or by this Agreement:

- (a) commence legal action to enforce payment or performance of any or all of the Obligations;
- (b) make payments to discharge any claim, Lien or other encumbrance on properties on which either the Debtor or the Secured Party may hold charges or encumbrances (whether or not ranking in priority to the Security Interest);
- (c) enter upon, use and occupy any and all premises owned, leased or occupied by the Debtor where the Collateral may be located;
- (d) take immediate possession of all or any part of the Collateral and require the Debtor to assemble and deliver possession of the Collateral at a location or locations specified by the Secured Party, with power to exclude the Debtor, its officers, directors, employees and agents therefrom;

- (e) appoint or reappoint by instrument in writing any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called a “**Receiver**”) of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires;
- (f) notify the account debtors or obligors under any accounts of the assignment of such accounts to the Secured Party and direct such account debtors or obligors to make payment of all amounts due or to become due to the Debtor thereunder directly to the Secured Party and give valid and binding receipts and discharges therefor and in respect thereof and, upon such notification and at the expense of the Debtor, enforce collection of any accounts, and adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Debtor might have done;
- (g) enjoy and exercise all of the rights and remedies of a secured party under the PPSA;
- (h) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or involuntary) relating to the Debtor;
- (i) preserve, protect and maintain the Collateral and make such replacements thereof and additions thereto as the Secured Party shall deem advisable;
- (j) sell, consign, lease or otherwise dispose of all or any part of the Collateral whether by public or private sale, consignment or lease or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including, without limitation, terms that provide time for payment on credit; provided that:
  - (i) neither the Secured Party nor any Receiver will be required to sell, consign, lease or dispose of the Collateral, but may peaceably and quietly take, hold, use, occupy, possess and enjoy the Collateral without molestation, eviction, hindrance or interruption by the Debtor or any other person or persons whomsoever for such period of time as is commercially reasonable;
  - (ii) the Secured Party or any Receiver may dispose of all or any part of the Collateral in the condition in which it was on the date possession of it was taken, or after any commercially reasonable repair, processing or preparation for disposition;
  - (iii) the Secured Party or any Receiver may convey, transfer and assign to a purchaser or purchasers the title to any of the Collateral so sold; and
  - (iv) the Debtor will be entitled to be credited with the actual proceeds of any such sale, consignment, lease or other disposition only when such proceeds are received by the Secured Party or any Receiver in cash.

### **5.3 Powers and Duties of Receiver**

Any Receiver appointed hereunder:

- (a) shall, subject to the provisions of the instrument appointing it, have all of the powers of the Secured Party hereunder together with:
  - (i) the power to carry on the business of the Debtor or any part thereof;
  - (ii) the power to borrow money in the Debtor's name or in the Receiver's name; and
  - (iii) the power to grant security interests in the Collateral in priority to the Security Interest as security for the money so borrowed; and
- (b) shall be deemed to be the agent of the Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions.

The Debtor hereby irrevocably authorizes the Secured Party from time to time after appointment of any Receiver to give instructions to the Receiver relating to the performance of the Receiver's duties and to fix the remuneration of the Receiver in connection therewith.

### **5.4 Other Remedies Cumulative**

The remedies provided in Section 5.2 are cumulative and in addition to (and not in substitution for, exclusive of nor dependent on) any other remedies contained herein or in any existing or future security document granted by the Debtor to the Secured Party and to all other remedies existing at law or in equity or by statute.

### **5.5 Restriction on Debtor**

Upon the Secured Party taking possession of the Collateral or the appointment of a Receiver, all the powers, functions, rights and privileges of the Debtor or any officer, director, employee or agent of the Debtor with respect to the Collateral shall, to the extent permitted by law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and privileges of the Debtor or any officer, director, employee or agent of the Debtor shall be unaffected by such events.

### **5.6 Indulgences and Releases**

Either the Secured Party or any Receiver may grant extensions of time and other indulgences, take and give up or abstain from perfecting or taking advantage of securities, accept compositions, compound, compromise, settle, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Secured Party or such Receiver may see fit without prejudice to the liability of the Debtor under the Obligations or the right of the Secured Party and such Receiver to hold the Collateral and realize upon the Security Interest.

### **5.7 Expenses of Enforcement**

The Debtor agrees to indemnify and reimburse the Secured Party for all costs and expenses of the Secured Party, its agents, advisors and consultants (including without limitation legal fees and disbursements on a substantial indemnity basis) incurred with respect to the exercise by the Secured Party of any of its rights, remedies and powers under this Agreement (including without limitation costs and expenses related to the custody, preservation and realization of the Collateral, any amounts paid under Section 5.2(b), the remuneration of the Receiver and all costs and expenses incurred by the Receiver in performing its functions under its appointment), and such costs and expenses shall be added to and shall form part of the Obligations.

### **5.8 Application of Moneys**

Subject to the requirements of the PPSA, all money or other proceeds of realization collected or received by the Secured Party or any Receiver upon the realization of the Security Interest or on exercise of any other rights or remedies herein contained with respect to the Collateral shall be applied on account of the Obligations in such manner as the Secured Party deems best or, at the option of the Secured Party, may be held unapportioned in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Secured Party hereunder. The balance of such proceeds, if any, shall be paid in accordance with the PPSA and any other applicable law.

### **5.9 Liability for Deficiency**

If the proceeds of realization received by or on behalf of the Secured Party from the disposition of the Collateral are not sufficient to satisfy the Obligations in full, the Debtor shall be liable to pay such deficiency to the Secured Party forthwith on demand.

### **5.10 Set-Off**

Without in any way limiting any other rights or remedies available to the Secured Party, the Secured Party shall have the right (but shall not be obligated), at any time and from time to time after the occurrence of an Event of Default and without notice to the Debtor (such notice being expressly waived by the Debtor), to set off against the Obligations or any of them deposits (general or special) or moneys then held by the Secured Party or any other indebtedness owing by the Secured Party to, or held by the Secured Party for the credit of, the Debtor, regardless of the currency in which such indebtedness is denominated and notwithstanding that such indebtedness is not then due.

## **ARTICLE 6 - GENERAL PROVISIONS**

### **6.1 Waiver**

No delay or omission to exercise any right or remedy accruing to the Secured Party upon any breach or default by the Debtor hereunder shall impair any such right or remedy by the Secured Party nor be construed as a waiver of any such breach or default or of any similar breach or default thereafter occurring, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver of a single breach

or default shall operate or be construed as a waiver of any subsequent breach or default. All waivers hereunder must be in writing and signed by the waiving party.

## **6.2 Amendment**

This Agreement may only be amended, supplemented or terminated by a written agreement signed by the Debtor and the Secured Party.

## **6.3 No Obligation to Advance**

Neither the execution nor delivery of this Agreement shall obligate the Secured Party to advance any moneys to the Debtor.

## **6.4 Notices**

Any demand, notice or other communication in connection with this Agreement shall be in writing and shall be delivered in accordance with the Loan Agreement.

## **6.5 Further Assurances**

The Debtor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers, assurances or other documents as the Secured Party shall reasonably require to give effect to or to preserve and perfect the Security Interest in the Collateral intended to be granted to the Secured Party hereunder, or any security interest the Debtor may hereafter grant or become bound to grant to the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement. The Debtor hereby irrevocably appoints the Secured Party to be the attorney of the Debtor, coupled with an interest, with full power of substitution, for and in the name of the Debtor to execute and to do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Debtor is obliged to sign, execute or do hereunder.

## **6.6 Term**

This Agreement shall become effective according to its terms immediately upon the execution hereof by the Debtor and shall continue as security for the Obligations until all of the Obligations are paid and performed in full and this Agreement is terminated.

## **6.7 Non-substitution**

This Agreement and the Security Interest are in addition to and not in substitution for any other agreement made between the Secured Party and the Debtor or any other security granted by the Debtor to the Secured Party whether before or after the execution of this Agreement.

## **6.8 No Merger**

Neither the taking of any action, suit or proceedings, judicial or extra-judicial, nor the exercise of any power of seizure or disposition shall extinguish the liability of the Debtor to pay and perform the Obligations nor shall the acceptance of any payment or alternate security constitute or create

any novation. No covenant, representation or warranty of the Debtor herein shall merge in any judgment.

#### **6.9 Entire Agreement**

Except for the Loan Agreement and any document, agreement or instrument delivered pursuant thereto or referred to therein, this Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreements, undertakings, declarations, representations and undertakings, both written and oral, in respect of the subject matter hereof.

#### **6.10 Time of Essence**

Time shall in all respects be of the essence hereof.

#### **6.11 Binding Effect**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

#### **6.12 Disclosure of Information re: Debtor**

The Debtor agrees that the Secured Party may provide from time to time such information concerning this Agreement, the Collateral and the Obligations to such persons as the Secured Party in good faith believes are entitled to the same under the PPSA.

#### **6.13 Waiver of Receipt of Financing Statement**

The receipt by the Debtor's legal counsel of a financing statement or financing change statement shall be deemed to be receipt of same by the Debtor.

#### **6.14 Acknowledgment**

The Debtor hereby acknowledges receipt of an executed copy of this Agreement and registrations made under the PPSA in respect of the Security Interest.

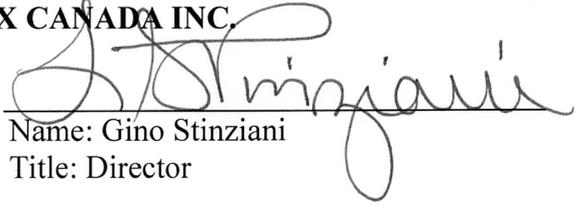
#### **6.15 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall prevail and be paramount.

**IN WITNESS WHEREOF** the Debtor has executed this Agreement as of the date first above written.

**GEOX CANADA INC.**

Per:

A handwritten signature in black ink, appearing to read "Gino Stinziani", written over a horizontal line. The signature is cursive and somewhat stylized.

Name: Gino Stinziani

Title: Director

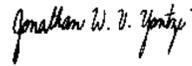
Attached is Exhibit "F"

Referred to in the

AFFIDAVIT OF GINO STINZIANI

Sworn before me

this 28th day of September, 2020



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Jonathan Yantzi

Commissioner for taking Affidavits, etc

## DEED OF HYPOTHEC

**BETWEEN:** **GEOX S.p.A**, a legal person, having an office at Via Feltrina Centro 16, 31044 Biadene di Montebelluna (TV), Italy

(hereinafter called the “**Creditor**”):

**AND:** **GEOX CANADA INC.**, a legal person existing under the laws of Canada, having its registered office at 2110 Matheson Blvd. East, Suite 100, Mississauga, Ontario L4W 5E1, Canada

(hereinafter called the “**Grantor**”)

**WHEREAS** as continuing collateral security for the due payment and performance of the Indebtedness (as hereinafter defined), the Grantor has agreed to hypothecate all of its present and future movable property;

**NOW, THEREFORE, THE PARTIES HERETO HAVE AGREED AS FOLLOWS:**

### 1. INTERPRETATION

#### 1.1. Definitions

Capitalized terms used herein and defined in the Loan Agreement (as hereinafter defined) shall have the meaning ascribed to them in the Loan Agreement unless otherwise defined herein and, as used herein, the following terms have the following meanings unless there is something in the subject matter or context inconsistent therewith:

“**Creditor**” means the Creditor defined above and its successors and assigns.

“**Charged Property**” means the universality of all of the movable property, rights and assets of the Grantor, present and future, corporeal and incorporeal, of whatsoever nature and wheresoever situated, including, without limitation:

- (a) all present and future:
  - (i) Claims;
  - (ii) Contractual Rights;
  - (iii) Equipment;
  - (iv) Hypothecated Securities;
  - (v) Insurance Policies;
  - (vi) Intellectual Property;
  - (vii) Inventory;
  - (viii) Proceeds;
  - (ix) Records; and
  - (x) Title Documents;
- (b) all renewals, substitutions, improvements, accessions, attachments, additions, replacements and proceeds to, of or from each of the foregoing.

As used in this Hypothec, the term “Charged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

“**Claims**” means all claims of the Grantor, including, without limitation, all cash, cash equivalents, bank accounts, accounts receivable, claims, debts, accounts and monies of every nature which are now or which may at anytime hereafter be due, owing or accruing to or owned by the Grantor, and also all securities, bills, notes, negotiable instruments and other documents now held or owned or which may be hereafter taken, held or owned by the Grantor or anyone on behalf of the Grantor in respect of the foregoing or any part thereof.

“**Contractual Rights**” means all present and future rights of the Grantor arising under or in connection with any agreements (such as, by way of example only, construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, franchise agreements and service contracts), permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition or ownership of the Charged Property or any part thereof.

“**Equipment**” means all present and future equipment and machinery of the Grantor of whatever kind and wherever situated, including, without limitation, all machinery, equipment, tools, apparatus, furniture, fixtures and vehicles of whatsoever nature or kind.

“**Event of Default**” means any “Event of Default” under, and as defined in, the Loan Agreement.

“**General Security Agreement**” the General Security Agreement dated as of on or about the date hereof, among the Creditor, as Secured Party, and the Grantor, as Debtor, as the same may be amended, modified, supplemented, revised, restated or replaced from time to time.

“**Grantor**” means the Grantor defined above and its successors and permitted assigns, including, without limitation, any Person resulting from the amalgamation or continuation of the Grantor.

“**Hypothec**” means this deed and all amendments, replacements, restatements, supplements and substitutions thereto.

“**Hypothecated Securities**” means all securities, security entitlements, financial assets, investment property, investment certificates, futures contracts, shares, options, warrants, interests, participations, units or other equivalents of, in or issued by a trust, legal person, partnership, limited partnership or other entity, whether voting or non-voting or participating or non-participating, now or hereafter owned by the Grantor. For greater certainty, the Grantor hereby acknowledges that all present and future securities, security entitlements and financial assets described as being hypothecated hereunder shall include all securities, security entitlements and financial assets as such terms are used in the *Act Respecting the transfer of Securities and the Establishment of Security Entitlements* (Québec).

“**Indebtedness**” means all existing and future indebtedness, obligations and liabilities owing by the Grantor to the Creditor from time to time under or pursuant to the Loan Agreement or this Hypothec, and for greater certainty, “Indebtedness” shall include all Obligations.

“**Insurance Policies**” means all present and future insurance policies maintained by the Grantor in respect of the Charged Property (or a portion thereof) or the life of any individual and all insurance proceeds or indemnities in respect of the Charged Property or the life of any individual payable thereunder from time to time.

**“Intellectual Property”** means all of the right, title and interest of the Grantor in the intellectual property and industrial property now or hereafter owned or used by the Grantor, including, without limitation, all patents, trademarks, industrial designs (as well as applications for patents, trademarks or industrial designs), copyrights, inventions, trade secrets, know-how, plant breeder’s rights, topography of integrated circuits, rights related to the Grantor’s clientele and good will, corporate and other business names, as well as similar rights, now or hereafter owned, used or held by the Grantor.

**“Inventory”** means all of the inventory of the Grantor, both present and future, including, without limitation, all raw materials, work in progress or materials used or consumed in the business of the Grantor and all other goods and all products and by-products thereof or derived therefrom, manufactured, produced or purchased for sale, lease or resale by the Grantor, or procured for such manufactured products, sale, lease or resale and all goods, wares and merchandises used or procured for the packing or shipping of any of the foregoing, and all the goods, wares and merchandises, products and by-products thereof or derived therefrom, so manufactured, produced or purchased for sale, lease or resale.

**“Loan Agreement”** means the Loan Agreement dated as of on or about the date hereof, among the Creditor, as Lender, and the Grantor, as Borrower, as the same may be amended, modified, supplemented, revised, restated or replaced from time to time.

**“Proceeds”** means identifiable or traceable movable property, present or future, in any form derived directly or indirectly from any dealing with the Charged Property or the proceeds therefrom including any payment or right to a payment or insurance representing an indemnity or compensation for loss of or damage to the Charged Property or any part thereof or proceeds therefrom.

**“Records”** means all present and future deeds, documents, books, manuals, papers, letters, invoices, writings and data (electronic or otherwise), access codes, recordings, evidencing or relating to the Charged Property or any part thereof including all copies and representations of the Intellectual Property in any form now known or in the future developed or discovered including, without limitation, those on paper, magnetic and optical media, and all working papers, notes, charges, drawings, materials and diagrams created in the process of developing the Intellectual Property.

**“Special Property”** means: (a) any contract, instrument, permit, lease or license or other document as to which and for so long as the creation of a hypothec or other security interest would constitute a violation of a valid and enforceable restriction in favour of a third party on such creation unless and until any required consents were obtained; (b) any contract, instrument, permit, lease, license or other documents as to which and for so long as the creation of a hypothec or other security interest would give any other party to such contract, instrument, permit, lease, license or other document the right to terminate its obligations thereunder; and (c) any contract, instrument, permit, lease or license or other document held by the Grantor to the extent that and for so long as any Applicable Law applicable thereto prohibits the creation of a hypothec or other security interest therein.

**“Title Documents”** means all present and future warehouse receipts and similar documents of title relating to Inventory.

## **1.2. Severability**

If any one or more of the provisions contained in this Hypothec shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Creditor, be severable from and shall not affect any other provision of this Hypothec, but this Hypothec shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Hypothec.

## **1.3. Interpretation and Headings**

The Grantor acknowledges that this Hypothec is the result of negotiations between the parties and shall not be construed in favour of or against any party by reason of the extent to which any party or its legal counsel participated in its preparation or negotiation. The words “hereto”, “herein”, “hereof”, “hereby”, “hereunder” and similar expressions refer to the whole of this Hypothec including, without limitation, these additional provisions, and not to any particular Section or other portion thereof or hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words in the singular include the plural and words in the plural include the singular. Words importing the masculine gender include the feminine and neuter genders where the context so requires. Words importing the neuter gender include the masculine and feminine genders where the context so requires. The headings do not form part of this Hypothec and have been inserted for convenience of reference only. Any reference to “including” shall mean “including without limitation” whether or not expressly provided.

## **1.4. Effective Date**

This Hypothec shall take effect upon execution of this Hypothec by the parties hereto notwithstanding that all or any part of the principal amount secured by this Hypothec has not been advanced.

## **1.5. Currency**

Unless otherwise specified in this Hypothec, all dollar references in this Hypothec are expressed in Canadian dollars.

# **2. CHARGE**

## **2.1. Hypothec**

2.1.1 To secure the payment and performance of the Indebtedness and of the expenses and charges incurred by the Creditor to obtain payment and performance of the Indebtedness or to conserve the Charged Property, the Grantor hereby hypothecates the Charged Property in favour of the Creditor for the principal sum of FORTY-FIVE MILLION DOLLARS (\$45,000,000), together with interest thereon from the date hereof at the rate of twenty-five percent (25%) per annum, calculated semi-annually and not in advance.

2.1.2 The hypothec granted hereunder does not constitute and shall not constitute nor be construed as a floating hypothec within the meaning of Article 2715 of the Civil Code of Quebec.

2.1.3 **Special Property.** To the extent that the hypothecation of Special Property which may form part of the Charged Property would constitute pursuant to the terms of the Special Property or Applicable Law, a breach thereof or permit the acceleration or termination thereof because the

Grantor has not obtained a consent of the applicable third party to the hypothecation of such rights in the Special Property, the hypothec against such rights in the Special Property is granted under the suspensive condition that the consent of the other party be obtained or requirement for consent waived. Upon consent being obtained or waived, the hypothec created above shall apply to the applicable Special Property and without necessity of any further agreement or other assurance to effect the hypothecation thereof.

## **2.2. Continuing Security**

The hypothec created herein is continuing security and will subsist notwithstanding any fluctuation or repayment of the obligations hereby secured. The Grantor shall be deemed to obligate itself again, as provided in Article 2797 of the Civil Code of Quebec, with respect to any future obligation hereby secured.

## **2.3. Representations, Warranties and Covenants**

2.3.1 The Grantor hereby makes and reiterates all of the declarations, representations, warranties and covenants of, or applicable to, the Grantor that are set forth in the Loan Agreement and the General Security Agreement, *mutatis mutandis*.

# **3. ADDITIONAL PROVISIONS WITH RESPECT TO THE HYPOTHEC ON CLAIMS**

## **3.1. Debt Collection**

The Creditor hereby authorizes the Grantor to collect all Claims forming part of the Charged Property as the same fall due and payable according to the terms of each of the documents evidencing such Claims.

## **3.2. Monetary Claims**

The Grantor hereby consents to all Claims, that constitute “monetary claims” (as such term is understood under Article 2713.1 of the *Civil Code of Quebec*) of the Grantor against the Creditor or any of the Lenders, securing the performance of the Secured Obligations, the whole pursuant to the requirements of Article 2713.3 of the *Civil Code of Quebec*. Upon the Creditor’s request, the Grantor shall cause any third party holding any “monetary claims” of the Grantor against such third party to enter into a control agreement in form and substance acceptable to the Creditor, the whole pursuant to the requirements of Article 2713.4 of the *Civil Code of Quebec*.

## **3.3. Withdrawal of Authorization to Collect**

The Creditor may, at its sole discretion, upon the occurrence and during the continuance of an Event of Default, withdraw the authorization granted above, by giving notice as prescribed by Applicable Law, whereupon the Creditor shall immediately be entitled to collect all Claims referred to in such notice. The debtors under such Claims shall comply with the notice sent by or on behalf of the Creditor and thereafter shall pay all Claims to the Creditor without inquiry into the state of accounts between the Creditor and the Grantor.

### **3.4. Accounts and Records**

Should the Creditor serve a notice withdrawing the authorization granted to the Grantor to collect the Claims as provided for above, the Grantor hereby agrees that all accounts and records maintained by the Creditor with respect to any such Claims received and their application by the Creditor shall be prima facie conclusive and binding unless proven to be wrong or incorrect.

### **3.5. Powers in Connection with Collection of Claims**

Without limiting or otherwise restricting the Creditor's rights as set forth herein or under Applicable Law, upon the occurrence and during the continuance of an Event of Default, the Creditor is irrevocably authorized in connection with the collection of the Claims, as the Grantor's agent and mandatary, to:

- 3.5.1 grant delays, take or abandon any security;
- 3.5.2 grant releases and discharges, whole or partial, with or without consideration;
- 3.5.3 endorse all cheques, drafts, notes and other negotiable instruments issued to the order of the Grantor in payment of the Claims;
- 3.5.4 take conservatory measures and appropriate proceedings to obtain payment of the Claims;
- 3.5.5 negotiate and settle out of Court with the debtors of the Claims, their trustee if there is a bankruptcy or insolvency, or any other legal representative, the whole as it deems appropriate; and
- 3.5.6 deal with any other matter relating to the Claims, in its discretion, without the intervention or the consent of the Grantor;

the Creditor shall not however be liable for any damages or prejudice which may result from its fault, other than its intentional fault, wilful misconduct or gross negligence.

### **3.6. Collection of Debts by Grantor**

If, despite the withdrawal of authorization by the Creditor in accordance with the terms hereof, any Claims are paid to the Grantor, the Grantor shall be deemed to have received such amounts for the account and on behalf of the Creditor and shall pay all such amounts to the Creditor forthwith upon receipt.

### **3.7. Further Assurances**

If and when requested by the Creditor, the Grantor shall remit to the Creditor all documents which are useful or necessary for the purposes set forth in this Section 3, shall sign any useful or necessary documents without delay, and, as the case may be, shall collaborate in the collection by the Creditor of the Claims.

### **3.8. Waiver**

The Grantor hereby waives any obligation the Creditor may have to inform the Grantor of any irregularity in the payment of any Claims.

### **3.9. Limitation of Creditor's Liability**

The Creditor shall not be liable or accountable for any failure to collect, realize, dispose of, enforce or otherwise deal with the Claims or any part thereof and shall not be bound to institute proceedings for any such purposes or for the purpose of preserving any rights of the Creditor, the Grantor or any other Person in respect of the Claims and shall not be liable or responsible for any loss or damage whatsoever which may accrue in consequence of any such failure whether resulting from the negligence of the Creditor or any of its officers, employees, mandataries, solicitors, attorneys, receivers or otherwise other than by way of their gross negligence, wilful misconduct or intentional fault.

## **4. REMEDIES**

### **4.1. Acceleration**

Upon the occurrence and during the continuance of an Event of Default, the entire Indebtedness shall, at the option of the Creditor in its sole discretion, immediately become due and payable, all without notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, each of which are hereby expressly waived, and all the Creditor's rights and remedies under this Hypothec and otherwise under Applicable Law shall immediately become enforceable and the Creditor shall, in addition to any other rights, recourses and remedies it has, forthwith be entitled to exercise any and all hypothecary rights prescribed by the Civil Code of Quebec.

### **4.2. Agent**

The Creditor may appoint any one or more agents who shall be entitled to exercise the powers and rights vested in the Creditor pursuant to this Hypothec and under Applicable Law.

### **4.3. Creditor May Act on Advice of Professionals**

The Creditor may execute any of the powers imposed or conferred upon it under this Hypothec, and perform any duties required of it, by or through attorneys or agents and, in relation to this Hypothec, may act on the opinion or advice of or information obtained from any lawyer, valuer, surveyor, broker, auctioneer, accountant or other expert, whether obtained by the Creditor or by the Grantor or otherwise, and shall not be responsible for any loss occasioned by acting or not acting thereon, unless occasioned by its intentional fault, wilful misconduct or gross negligence, and shall be entitled to take legal or other advice and employ such assistance as may be necessary to the proper discharge of its duties, and to pay proper and reasonable compensation to such agents and attorneys for all such legal and other advice or assistance as aforesaid.

### **4.4. Creditor's Right to Perform Obligations**

If the Grantor shall fail, refuse or neglect to make any payment or perform any act required hereunder, then while any Event of Default exists, and without notice to or demand upon the Grantor and without waiving or releasing any other right, remedy or recourse the Creditor may have as a result of or in relation to such Event of Default, the Creditor may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Grantor, and shall have the right to take all such action and undertake such expenditures as it may deem necessary or appropriate. If the Creditor shall elect to pay any sum due with reference to the Charged Property, the Creditor may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the

accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created hereunder, the Creditor shall not be bound to inquire into the validity of any apparent or threatened adverse title, hypothec, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. The Grantor shall indemnify the Creditor for all losses, expenses, damages, claims and causes of action, including legal fees (on a solicitor and client basis), incurred or accruing by reason of any acts performed by the Creditor pursuant to the provisions of this Section 4.4. All sums paid by the Creditor pursuant to this Section 4.4, and all other sums expended by the Creditor for which it shall be entitled to be indemnified, shall be added to the Indebtedness, shall be secured by this Hypothec and shall be paid by the Grantor to the Creditor upon demand.

#### **4.5. *Mise en demeure***

Except as otherwise expressly provided herein or in the Loan Agreement, no notice or *mise en demeure* of any kind shall be required to be given to the Grantor by the Creditor for the purpose of putting the Grantor in default, the Grantor being in default by the mere lapse of time allowed for the performance of an obligation or by the mere happening of an event constituting an Event of Default.

Moreover, notwithstanding anything to the contrary herein or in the Loan Agreement, the Attorney may sell or otherwise dispose of any Hypothecated Securities which are “securities” or “security entitlements” (within the meaning of *An Act Respecting the Transfer of Securities and Establishment of Security Entitlements* (Québec)), without having to give a prior notice, obtain voluntary surrender thereof or observe the time limits prescribed by Applicable Law.

#### **4.6. *Exercise of Recourses***

In exercising any of the rights, recourses or remedies available hereunder, the Creditor may at its discretion, in respect of all or any part of the Charged Property or any other security held by the Creditor, exercise such rights, recourses and remedies as are available hereunder or under Applicable Law, as it elects to exercise, without prejudicing the other rights, recourses and remedies available to the Creditor in respect of all or part of the Charged Property or any other hypothec or other security held by the Creditor. The Creditor may exercise any of such rights, recourses and remedies in respect of all or any part of the Charged Property (or any other security held by the Creditor), simultaneously or successively. It is further understood that the Creditor shall be entitled to exercise and enforce all of the rights and remedies available to it, free from any control of the Grantor provided, however, that the Creditor shall not be bound to realize any specific security nor exercise any right or remedy as aforesaid and shall not be liable for any loss which may be occasioned by any failure to do so.

#### **4.7. *Surrender***

If a prior notice of the Creditor’s intention to exercise a hypothecary right is given to the Grantor, the Grantor shall, and shall cause any other Person in possession of the Charged Property subject to such prior notice, to immediately surrender same to the Creditor and shall execute, and cause to be executed all deeds and documents required to evidence such surrender to the Creditor.

#### **4.8. *Extension of Time and Waiver***

Neither any extension of time given by the Creditor to the Grantor or any Person claiming through the Grantor, nor any amendment to this Hypothec or other dealing by the Creditor with a subsequent

owner of the Charged Property will in any way affect or prejudice the rights of the Creditor against the Grantor or any other Person or Persons liable for payment of the Indebtedness. The Creditor may waive any Event of Default in its sole discretion. No waiver will extend to a subsequent Event of Default, whether or not the same as or similar to the Event of Default waived, and no act or omission by the Creditor will extend to, or affect, any subsequent Event of Default or the rights of the Creditor arising from such Event of Default. Any such waiver must be in writing and signed by the Creditor. No failure on the part of the Creditor or the Grantor to exercise, and no delay by the Creditor or the Grantor in exercising, any right pursuant to this Hypothec will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right.

#### **4.9. Cancellation of Hypothec and Release**

The Creditor will have a reasonable period of time after full payment and satisfaction of the Indebtedness to prepare and execute a cancellation of this Hypothec. All reasonable legal and other expenses for the preparation, execution, delivery and registration of the cancellation shall be paid by the Grantor upon demand. The Grantor shall register such cancellation. The Creditor may release in its discretion and at any time any Person or any part or parts of the Charged Property from all or any part of the Indebtedness or the security either with or without any consideration and without releasing any other part of the Charged Property or any other Person from this Hypothec or from any of the covenants contained in this Hypothec, and without being accountable to the Grantor for the value of the Charged Property released or for any money except that actually received by the Creditor. The Creditor may grant renewals, extensions, indulgences, releases and discharges may take security from and give the same up, may abstain from taking security from, may accept compositions and proposals, and may otherwise deal with the Grantor and all other Persons and security as the Creditor may see fit without prejudicing the rights of the Creditor hereunder.

### **5. ADDITIONAL RIGHTS OF THE CREDITOR**

#### **5.1. Additional Rights**

The Grantor agrees that upon the occurrence and during the continuance of an Event of Default, the following provisions shall apply to supplement the provisions of any Applicable Law and without limiting any other provisions of this Hypothec dealing with the same subject matter:

5.1.1 The Creditor shall be the irrevocable mandatary and agent of the Grantor, with power of substitution, in respect of all matters relating to the enforcement of all rights, recourses and remedies of the Creditor. The Creditor shall, as regards all of the powers, authorities and discretions vested in it hereunder, have the absolute and unfettered discretion as to the exercise thereof whether in relation to the manner or as to the mode or time for their exercise.

5.1.2 Without limiting the generality of Section 5.1.1, the Grantor agrees that the Creditor may but is not obliged to, at the expense of the Grantor, for the purposes of protecting or realizing upon the value of the Charged Property or its rights:

5.1.2.1 cease or proceed with, in any way the Creditor sees fit, any enterprise of the Grantor, and the administration of the Charged Property, including, without limitation, the generality of the foregoing:

- (a) sign any credit agreement, security document, lease, service contract, construction contract, management contract, development contract,

maintenance contract or any other agreement, contract, deed or other document in the name of and on behalf of the Grantor in connection with the Charged Property or any enterprise of the Grantor and renew, cancel or amend from time to time any such agreement, contract, deed or other document;

- (b) maintain, repair, renovate, operate, alter, complete, preserve or extend any part of the Charged Property in the name of the Grantor including undertaking or completing any construction work at the Grantor's expense;
- (c) reimburse for and on behalf of the Grantor any third person having a claim against any part of the Charged Property;
- (d) borrow money or lend its own funds for any purposes related to the Charged Property; and

receive the revenues, rents, fruits, products and profits from the Charged Property and endorse any cheque, securities or other instrument;

- 5.1.2.2 dispose of any part of the Charged Property likely to rapidly depreciate or decrease in value;
  - 5.1.2.3 use the information it has concerning the Grantor or any information obtained during the exercise of its rights except as may be otherwise provided in the Loan Agreement or any confidentiality agreement;
  - 5.1.2.4 fulfil any of the undertakings of the Grantor or of any other Person;
  - 5.1.2.5 use, administer and exercise any other right pertaining to the Charged Property; and
  - 5.1.2.6 do all such other things and sign all documents in the name of the Grantor as the Creditor may deem necessary or useful for the purposes of exercising its rights, recourses and remedies hereunder or under Applicable Law.
- 5.1.3 In the event of the exercise by the Creditor of any right, recourse or remedy following the occurrence of an Event of Default:
- 5.1.3.1 the Creditor shall only be accountable to the Grantor to the extent of its commercial practice and within the delays normally observed by the Creditor and the Creditor shall not be obliged to with respect to the Charged Property or any enterprise operated by or on behalf of the Grantor;
    - (a) make inventory, take out insurance or furnish any security;
    - (b) advance any sums of money in order to pay any expenses not even those expenses that may be necessary or useful; or
    - (c) maintain the use for which the enterprise of the Grantor or any Charged Property is normally intended, make it productive or continue its use;

- (d) and shall not be held liable for any loss whatsoever other than as a result of its gross negligence, wilful misconduct or intentional fault;
  - 5.1.3.2 any and all sums of money remitted to or held by the Creditor may be invested at its discretion, without the Creditor being bound by any legislative provisions relating to the investment or administration of the property of others; the Creditor is not obliged to invest or pay interest on amounts collected even where such amounts exceed the amounts due by the Grantor;
  - 5.1.3.3 the Creditor may itself, directly or indirectly, become the owner of the whole or any part of the Charged Property to the extent not prohibited by Applicable Law;
  - 5.1.3.4 the Creditor may, at the time it exercises its rights, renounce to a right belonging to the Grantor, make settlements and grant discharges and *mainlevées*, even without consideration;
  - 5.1.3.5 in the event the Creditor exercises its hypothecary right of taking in payment and the Grantor requires the Creditor to sell the whole or any part of the Charged Property, the Grantor acknowledges that the Creditor shall not be required to renounce to its hypothecary right of taking in payment unless, prior to the expiration of the time limit to surrender, the Creditor (i) shall have received security, which the Creditor deems satisfactory, to the effect that the sale will be made at a price sufficient to pay all amounts owing under the Indebtedness and to enable the Creditor to be paid its claim in full, (ii) shall have been reimbursed the costs it shall have incurred, and (iii) shall have been advanced all amounts necessary for the sale of the Charged Property;
  - 5.1.3.6 in the event that the Creditor sells the whole or any part of the Charged Property, it will not be required to obtain any prior appraisal from a third party; and
  - 5.1.3.7 the sale of the Charged Property may be made with legal warranty on the part of the Grantor or, at the option of the Creditor, with total or partial exclusion of warranty.
- 5.1.4 The Creditor shall only be bound to exercise reasonable prudence and diligence in the execution of its rights and performance of its obligations under the terms of this Hypothec or under Applicable Law and the Creditor shall not be responsible for prejudice that may result from its fault or that of its agents or representatives, with the exception of its gross negligence, wilful misconduct or intentional fault.
- 5.1.5 The Creditor shall not be responsible in respect of any obligations undertaken in the exercise of its powers under the terms of this Hypothec or under Applicable Law, even in any case where the Creditor may have exceeded its powers, or by reason of any delay, omission or any other act made in good faith by the Creditor or its representatives with the exception of obligations undertaken or acts made further to gross negligence, wilful misconduct or intentional fault.

## **6. THE CREDITOR**

### **6.1. Protection of Persons Dealing with Creditor**

No Person dealing with the Creditor or its agents need inquire whether the hypothec hereby constituted has become enforceable or whether the powers which the Creditor is purporting to exercise have become exercisable.

### **6.2. Delegation of Powers**

The Creditor may delegate the exercise of its rights or the performance of its obligations hereunder to another Person. In that event, the Creditor may furnish that Person with any information it may have concerning the Grantor or the Charged Property. The Creditor shall not be responsible for damages resulting from such delegation or from any fault committed by such delegate.

### **6.3. Successors**

The rights of the Creditor hereunder shall benefit any successor or assign of the Creditor, including any Person resulting from the amalgamation of the Creditor with any other Person.

### **6.4. Liability of Creditor**

The Creditor shall only be accountable for reasonable diligence in the performance of its duties and the exercise of its rights hereunder, and shall only be liable for its own gross negligence, intentional fault and wilful misconduct.

### **6.5. Unfettered Discretion to Exercise Powers**

The Creditor, except as herein otherwise provided, shall, with respect to all rights, powers and authorities vested in it, have absolute and uncontrolled discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof, and in the absence of fraud, it shall be in no way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non-exercise thereof.

## **7. MISCELLANEOUS**

### **7.1. General Indemnity**

The Grantor shall protect, defend, indemnify and save harmless the Creditor and its shareholders, directors, officers, employees and agents from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including without limitation reasonable legal fees and expenses), imposed upon or incurred by or asserted against the Creditor by reason of holding this Hypothec or any interest therein or receipt of any Claims, or any other action or failure to act in relation to the Charged Property or the exercise of any rights or recourses of the Creditor.

### **7.2. Amendments and Waivers**

No amendment or waiver of any provision of this Hypothec shall be effective unless in writing and signed by the party against whom enforcement is sought.

### **7.3. Waivers**

No course of dealing on the part of the Creditor, its officers, employees, consultants or agents, nor any failure or delay by the Creditor with respect to exercising any right, power or privilege of the Creditor shall operate as a waiver thereof.

### **7.4. Payment to Third Parties**

If the Creditor is at any time or from time to time required to make a payment in connection with the security constituted by this Hypothec, such payment and all reasonable costs of the Creditor (including legal fees and other expenses) shall be immediately payable by the Grantor to the Creditor.

### **7.5. Notices**

All notices and communications hereunder shall be given to the addresses and otherwise made in accordance with the Loan Agreement.

### **7.6. Governing Law**

This Hypothec shall be governed by and construed in accordance with the Applicable Law of the Province of Quebec and the Applicable Law of Canada.

### **7.7. Paramountcy**

In the event of inconsistency or contradiction between the provisions of this Hypothec and those of the Loan Agreement and the General Security Agreement, the provisions of the Loan Agreement and Loan Agreement and the General Security Agreement shall prevail, except that the provisions hereof shall always prevail insofar as they relate to the creation and enforcement of the hypothec created hereby.

### **7.8. Security Document**

This Hypothec shall be deemed to be a “Loan Document” as such term is defined in the Loan Agreement.

### **7.9. Counterparts**

This Hypothec may be executed by one or more of the parties to this agreement on any number of separate counterparts (including by telecopy or in Portable Document Format (PDF)), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

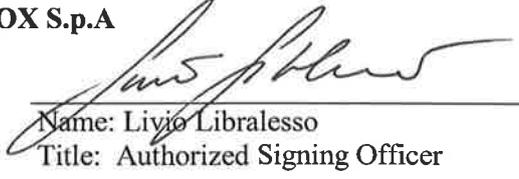
### **7.10. Language**

The parties hereto confirm that it is their wish that this Hypothec and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c'est leur volonté que cet acte d'hypothèque et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.*

Signed in the City of \_\_\_\_\_, as of the \_\_\_<sup>17th</sup> day of July, 2020.

**GEOX S.p.A**

Per: \_\_\_\_\_



Name: Livio Libralesso

Title: Authorized Signing Officer

Signed in the City of \_\_\_\_\_, as of the \_\_\_ day of July, 2020.

**GEOX CANADA INC.**

Per: \_\_\_\_\_

Name: Gino Stinziani

Title: Director

Signed in the City of \_\_\_\_\_, as of the \_\_\_\_ day of July, 2020.

**GEOX S.p.A**

Per: \_\_\_\_\_

Name: Livio Libralesso

Title: Authorized Signing Officer

Signed in the City of Toronto, as of the 17<sup>th</sup> day of July, 2020.

**GEOX CANADA INC.**

Per: \_\_\_\_\_

Name: Gino Stinziani

Title: Director

A handwritten signature in black ink, appearing to read "Gino Stinziani", is written over a horizontal line. The signature is cursive and somewhat stylized.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO

Court File No. 32-2670414

---

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
PROCEEDING COMMENCED AT TORONTO

---

**AFFIDAVIT OF GINO STINZIANI**  
**(SWORN SEPTEMBER 28, 2020)**

---

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Counsel to Geox Canada Inc.

**TAB 3**

Court File No.: 32-2670414  
Estate No.: 32-2670414

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MADAME	)	TUESDAY, THE 6 <sup>TH</sup>
	)	
JUSTICE CONWAY	)	DAY OF OCTOBER, 2020

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS  
AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF  
ONTARIO

**ORDER**  
**(re Stay Extension and Administration Charge)**

**THIS MOTION**, made by Geox Canada Inc. (the “**Debtor**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), was heard this day via Zoom at Toronto.

**ON READING** the Motion Record of the Debtor, including the Affidavit of Gino Stinziani sworn September 28, 2020 and exhibits thereto, the First Report of Richter Advisory Group Inc., in its capacity as the Proposal Trustee of the Debtor (in such capacity, the “**Proposal Trustee**”), dated September <\*>, 2020 (the “**First Report**”), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Debtor and counsel for the Proposal Trustee and all other parties listed on the Counsel Slip, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of Jonathan Yantzi sworn September 28, 2020, filed:

## **SERVICE**

1. **THIS COURT ORDERS AND DECLARES** that the time for service of this Motion, the Motion Record herein and the First Report is abridged and service is validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which appears on the Commercial List website at the following link: <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the “**Rules**”), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.
3. **THIS COURT ORDERS** that the E-Service List Keeper (as defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

## **APPROVAL OF FIRST REPORT**

4. **THIS COURT ORDERS** that the First Report and the conduct and activities of the Proposal Trustee described therein be and are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

## **ADMINISTRATION CHARGE**

5. **THIS COURT ORDERS** that counsel to the Debtor, the Proposal Trustee and counsel to the Proposal Trustee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtor as part of the costs of these proceedings. The Debtor is authorized and directed to pay the accounts of the counsel for the Debtor, the Proposal Trustee and counsel for the Proposal Trustee. The Proposal Trustee and its counsel shall be authorized to immediately apply any such payments made by the Debtor to their fees and disbursements and

such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

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

7. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Debtor shall be entitled to the benefit of and are granted a charge (the “**Administration Charge**”), which charge shall not exceed an aggregate amount of \$150,000 on the Debtor’s current and future properties, assets and undertakings of every nature and kind whatsoever and wherever situated, including all proceeds thereof, including any real property of the Debtor (collectively, the “**Property**”), as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after September 8, 2020, being the date that the Debtor commenced these proceedings by Notice of Intention to Make a Proposal. The Administration Charge shall have the priority set out in paragraph 10 hereof.

8. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

9. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and the Administration Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”), except statutory deemed trusts that, at law, rank in priority to all other charges.

10. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Administration Charge, unless the Debtor also obtains the prior written consent of the Proposal Trustee and the beneficiaries of the Administration Charge, or further Order of this Court.

11. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing or deemed filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Debtor of any Agreement to which it is a party;
- (b) the chargees shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting of the creation of the Administration Charge; and
- (c) the payments made by the Debtor pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

12. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be a charge in the Debtor’s interest in such real property leases.

**EXTENSION OF PROPOSAL PERIOD**

13. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in the proceedings of the Debtor, including the stay of proceedings, is extended to and including November 22, 2020.

**GENERAL**

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Italy, to give effect to this Order and to assist the Debtor, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Debtor and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

15. **THIS COURT ORDERS** that each of the Debtor and the Proposal Trustee be at liberty and is authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO**

Court File No. 32-2670414

---

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
PROCEEDING COMMENCED AT TORONTO

---

**ORDER**  
**(Stay Extension and Administration Charge)**

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Counsel to Geox Canada Inc.

**TAB 4**

District of Ontario  
 Division No. 9 - Mississauga  
 Court No. 32-2670414  
 Estate No. 32-2670414

**ONTARIO SUPERIOR COURT OF JUSTICE  
 IN BANKRUPTCY AND INSOLVENCY**

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
 GEOX CANADA INC., OF THE CITY OF MISSISSAUGA,  
 IN THE PROVINCE OF ONTARIO

**SERVICE LIST**

(as of September 28, 2020)

<b>GENERAL</b>	
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<p><b>FASKEN MARTINEAU DUMOULIN LLP</b>            Bay Adelaide Centre            333 Bay Street, Suite 2400            Toronto, ON M5H 2T6</p> <p><b>Counsel to the Proposal Trustee,            Richter Advisory Group Inc. / Richter Groupe            Conseil Inc.</b></p>	<p><b>Dylan Chochla</b>            Tel: (416) 868-3425            Email: dchochla@fasken.com</p> <p><b>Daniel Richer</b>            Tel: (416) 865-4445            Email: dricher@fasken.com</p>

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**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF GEOX CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO**

Court File No. 32-2670414

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SUPERIOR COURT OF JUSTICE  
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