

Form PTO-1594 (Rev. 12-11)  
OMB Collection 0651-0027 (exp. 04/30/2015)

U.S. DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office

### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

**1. Name of conveying party(ies):**

DDL, INC.

- Individual(s)
- Partnership
- Corporation- State: MINNESOTA
- Other \_\_\_\_\_

Citizenship (see guidelines) United States of America

Additional names of conveying parties attached?  Yes  No

**3. Nature of conveyance/Execution Date(s) :**

Execution Date(s) April 27, 2016

- Assignment
- Security Agreement
- Other \_\_\_\_\_
- Merger
- Change of Name

**2. Name and address of receiving party(ies)**

Additional names, addresses, or citizenship attached?  Yes  No

Name: BDC Capital Inc.

Street Address: 5 Place Ville-Marie, Suite 2220

City: Montreal

State: Quebec

Country: Canada Zip: H3B 5E7

- Individual(s) Citizenship \_\_\_\_\_
- Association Citizenship \_\_\_\_\_
- Partnership Citizenship \_\_\_\_\_
- Limited Partnership Citizenship \_\_\_\_\_
- Corporation Citizenship Canada
- Other \_\_\_\_\_ Citizenship \_\_\_\_\_

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)

**4. Application number(s) or registration number(s) and identification or description of the Trademark.**

A. Trademark Application No.(s) \_\_\_\_\_ Text \_\_\_\_\_

B. Trademark Registration No.(s)  
4178914, 3113556, 3155308, 4182541, 4270814, 4178919

Additional sheet(s) attached?  Yes  No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

**5. Name & address of party to whom correspondence concerning document should be mailed:**

Name: Kaufman Laramée L.L.P.

Internal Address: Me Kim Toffoli

Street Address: 800 René-Lévesque Blvd. West  
Suite 2220

City: Montreal

State: Quebec Zip: H3B 1X9

Phone Number: 514-875-7550

Docket Number: 12529-49

Email Address: ktoffoli@klcanada.com

**6. Total number of applications and registrations involved:**

6

**7. Total fee (37 CFR 2.6(b)(6) & 3.41)** \$165.00


- Authorized to be charged to deposit account
- Enclosed

**8. Payment Information:**

Deposit Account Number see PTO-2038

Authorized User Name \_\_\_\_\_

**9. Signature:**



Me Kim Toffoli, attorney

Name of Person Signing

November 1, 2016

Date

Total number of pages including cover sheet, attachments, and document: 21

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:  
Mail Stop Assignment Recordation Branch, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

OP \$165.00 4178914

**K A U F M A N**  
**L A R A M É E**  
 ATTORNEYS

November 1<sup>st</sup>, 2016

**BY FACSIMILE**

**UNITED STATES PATENT AND TRADEMARK OFFICE**

Mail Stop Assignment Recordation Services  
 Director of the USPTO  
 P.O. Box 1450  
 Alexandria VA, 22313-1450

Subject: Security Agreement (Lien) granted on Trademarks by DDL, Inc.  
 ("**Conveying Party**") in favour of BDC Capital Inc. ("**Receiving Party**")  
 Our File: 12529-49

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Madam:  
 Sir:

Please find enclosed herewith a copy of an agreement entitled "Security Agreement" executed on April 27, 2016 by and between the Receiving Party and the Conveying Party (the "**Security Agreement**").

Under the terms of the enclosed Security Agreement, the Conveying Party grants a security interest (lien) in favour of the Receiving Party on the following trademarks duly registered with the United States Patent and Trademark Office under the names and registration numbers described hereinafter (the "**Trademark**"):

<b>Name</b>	<b>Serial Number/ Registration Number</b>
<b>DDL and design</b>	4178914
<b>DDL</b>	3113556
<b>PACKREVIEW</b>	3155308
<b>RESPONSIBLE PACKAGING DEVELOPMENT GROUP</b>	4182541
<b>RPDG</b>	4270814
<b>TESTED AND PROVEN</b>	4178919

KAUFMAN LARAMÉE LLP  
 800 RENÉ LÉVESQUE BLVD. WEST, SUITE 2220  
 MONTREAL, QUEBEC H3B 1X9  
 TEL 1 514 875-7550 FAX 1 514 875-7147  
 KLCANADA.COM

**TRADEMARK**  
**REEL: 005911 FRAME: 0850**

K A U F M A N  
L A R A M É E

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**RECEIVING PARTY/CREDITOR**

Mr. Bernard Melameth  
**BDC CAPITAL INC.**  
5 Place Ville-Marie  
Suite 500  
Montreal, Quebec, H3B 5E7

**CONVEYING PARTY / REGISTERED OWNER OF TRADEMARKS**

**DDL, INC.**  
10200 Valley View Road  
Suite 100  
Eden Prairie, Minnesota, USA, 55344

In accordance with the Federal Rules of Practice 37 C.F.R. 2.6 (b)(6) and 3.41, we enclose herewith a PTO-1594 Form for recordation and would hereby request that the Security Agreement be recorded against the aforementioned Trademarks and confirmation of same be returned to the undersigned. Please find enclosed herewith a PTO2038 Form for payment of the fees required for the registration of the aforementioned Security Agreement.

We trust you will find the whole in order and would ask you to communicate with the undersigned should you have any questions or require further documentation with respect to the above and the enclosed.

Yours very truly,



Kim Toffoli  
Partner  
[ktoffoli@klcanada.com](mailto:ktoffoli@klcanada.com)  
1 514 871 5313

cc. Mr. Bernard Melameth

## SECURITY AGREEMENT

AGREEMENT made this 21<sup>st</sup> day of April 2016 by and between **DDL, INC.**, a corporation incorporated under the laws of Minnesota, having its registered office at 10200 Valley View Road, Suite 101, in Eden Prairie, Minnesota, United States, 55344 (the "**Debtor**") and **BDC CAPITAL INC.**, a wholly-owned subsidiary of Business Development Bank of Canada, legally constituted pursuant to the *Canada Business Corporations Act*, having a place of business in the City of Montreal at 5 Place Ville-Marie, Suite 500, Province of Quebec, H3B 5E7 (the "**Secured Party**").

### WITNESSETH:

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the Debtor and the Secured Party hereby agree as follows:

#### 1. GRANT OF SECURITY INTERESTS

##### 1.1. Collateral

For purposes of this Agreement, the term the "Collateral" shall mean all right, title and interest of the Debtor in all personal and fixture property of the Debtor, wherever located and whether now owned or hereafter created or acquired by the Debtor, including without limitation the following:

- a) **Equipment.** All equipment in all of its forms, located, now or hereafter existing (including, but not limited to, all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor and all accessories related thereto, office furniture, tools, machinery, rolling stock (including road vehicles) (all of the foregoing collectively referred to as the "*Equipment*").
- b) **Inventory.** All inventory in all of its forms, wherever located, now or hereafter existing (including, but not limited to, (i) all raw materials and work in process therefor, finished goods thereof, and materials used or consumed in the manufacture or production thereof, (ii) goods in which the Debtor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Debtor has an interest or right as consignee), and (iii) goods which are returned to or repossessed by the Debtor), and all accessions thereto and products thereof and documents therefor (all of the foregoing collectively referred to as the "*Inventory*").
- c) **Receivables and Related Contracts.** All accounts, deposit accounts, contracts, contract rights, chattel paper (whether tangible or electronic), documents, instruments (including promissory notes), letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), general intangibles (including tax refunds) and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security

agreements, guaranties, leases, and other contracts securing or otherwise relating to any such accounts, contracts, contract rights, chattel paper, documents, instruments, general intangibles or other obligations (all of the foregoing collectively referred to as the "*Receivables*").

- d) **All Intellectual Property Collateral of the Debtor, now or hereafter existing, including, without limitation the Intellectual Property Collateral referred to below:**
- (i) all computer and other electronic data processing hardware, together with all associated integrated computer systems and related equipment;
  - (ii) all software programs now owned, licensed to or leased by the Debtor, or hereafter acquired by the Debtor;
  - (iii) all related firmware and documentation, together with all rights in relation to the property described in clauses (i) and (ii);
  - (iv) all copyrights, whether registered or unregistered, including all copyrights registered in the *United States Copyright Office* or elsewhere, all applications for registration thereof, all copyright licenses and all extensions and renewals of any thereof (the "*Copyright Collateral*");
  - (v) all patents including those registered in the United States Patent and Trademark Office or elsewhere, letters patent held by the Debtor and all patent applications, and any extensions or renewals thereof, and all patent licenses (the "*Patent Collateral*");
  - (vi) all trademarks including those registered in the United States Patent and Trademark Office or elsewhere, all trademarks and trademark licenses and any other trade names, corporate names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and all applications, renewals and extensions thereof (the "*Trademark Collateral*"); and
  - (vii) all licenses, domain names, source codes and any other form of intellectual property.
- e) **Contract Rights.** Securities and all other investment property, supporting obligations, and any other contract rights or rights to the payment of money not described above.
- f) **Proceeds.**
- (i) All products, offspring, rents, issues, profits, returns, income and proceeds of any and all of the foregoing Collateral in any form (including, without limitation, proceeds which constitute property of the types described in *Subsections (1.1)(a), (b), (c), (d) and (e)* (if applicable)) and, to the extent not otherwise included, all payments under insurance

(whether or not the Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

1.2. Security Interest to the Secured Party

- a) The Debtor hereby grants to the Secured Party a continuing security interest in the Collateral as security for the payment and performance of any and all liabilities and obligations (direct or indirect, absolute or contingent, sole, joint, several, secured or unsecured, now existing or hereafter arising) of NexKemia Petrochemicals Inc. / NexKemia Pétrochimie Inc. (the "**Borrower**") and the Debtor to the Secured Party, including, without limitation:
- (i) all obligations of the Debtor to the Secured Party arising under the Letter of Offer of Financing (to which the Debtor intervened) issued by the Secured Party in favour of the Borrower on April 5, 2016, its schedules, and all renewals, extensions, replacements, supplements or amendments thereto, or substitutions or restatements thereof (collectively, the "**Letter of Offer**");
  - (ii) all obligations of the Debtor to the Secured Party arising from any guarantee granted from time to time by the Debtor to the Secured Party, including, without limitation, the guarantee executed by the Debtor in favour of the Secured Party on this day (the "**Guarantee**");
  - (iii) all obligations of the Borrower to the Secured Party arising under the Letter of Offer and under or pursuant to any promissory note which evidences the indebtedness of the Borrower to the Secured Party in respect of the financing granted to the Borrower by the Secured Party pursuant to the Letter of Offer (each, a "**Promissory Note**");
  - (iv) all obligations of the Debtor arising under this Agreement; and
  - (v) all such other obligations, present and future, of the Debtor and the Borrower to the Secured Party.

(all the obligations set forth in subparagraphs 1.2 a) (i), (ii), (iii), (iv) and (v) are collectively referred to as the "**Secured Obligations**").

1.3. Commercial Tort Claims

If the Debtor shall at any time hold or acquire a commercial tort claim, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the particulars thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

2. **FINANCING STATEMENTS AND OTHER ACTION**

The Debtor agrees to do all actions which the Secured Party reasonably deems necessary or desirable to protect the security interests granted herein or to otherwise carry out the provisions of this Agreement, including but not limited to the executions of financing, continuation, amendment and termination statements under the *Uniform Commercial Code*, and similar instruments, and the procurement of waivers and disclaimers of interest in the Collateral by the owners of any real estate (including lessors and mortgagees) on which the Collateral is located. The Debtor shall pay all costs of filing any and all financing, continuation, amendment or termination statements with respect to the security interests created by this Agreement. The Debtor hereby irrevocably appoints the Secured Party as its attorney-in-fact to do all acts and things which the Debtor may be required to do under this Agreement or which the Secured Party may reasonably deem necessary to perfect and continue perfected the security interests created by this Agreement. This power, being coupled with an interest, is irrevocable as long as the Debtor is indebted to the Secured Party. The Debtor will at the request of the Secured Party execute and deliver any and all documents and instruments and take any and all action as the Secured Party may reasonably require more completely to vest in and assure to the Secured Party its rights hereunder or in any of the Collateral.

3. **LOCATION OF COLLATERAL**

The Debtor hereby represents and warrants to the Secured Party that all of the Collateral is located at one or more of the following locations as follows:

**Addresses**

10200 Valley View Road, Suite 101,  
Eden Prairie, Minnesota  
United States, 55344

-and-

5401 Opportunity Court  
Minnetonka, Minnesota  
United States, 55343

-and-

17371 Mount Wynne Circle  
Fountain Valley, California  
United States, 92708

-and-

11164 Young River Avenue  
Fountain Valley, California

United States, 92708

-and-

1032 West Taft Avenue  
Orange, California  
United States, 92865  
(said location is sublet to a third party)

The Debtor covenants that unless the Secured Party shall have given its prior consent in writing, which consent shall not be unreasonably withheld, none of the Collateral shall be located at any location other than as set forth above, and that none of the Collateral shall be removed from such locations except in the ordinary course of business, save and except for any of the Collateral which consists of proceeds and products from the sale or disposition of any of the Collateral.

4. **REPRESENTATIONS AND WARRANTIES**

The Debtor represents and warrants as follows:

- 4.1. **Location of Collateral.** All of the Equipment and Inventory are located at the places specified in *Section 3*. The places of business and chief executive office of the Debtor and the offices where the Debtor keeps its records concerning the Receivables and all originals of all chattel paper which evidence Receivables are located at the address of the Debtor, the address indicated in *Section 3*.
- 4.2. **As to Receivables.** All Receivables evidenced by a promissory note or other instrument, negotiable document or chattel paper have been duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Secured Party and delivered and pledged to the Secured Party pursuant to *Subsection 6.4*.
- 4.3. **Ownership; No Liens.** The Debtor owns the Collateral free and clear of any lien, security interest, charge or encumbrance except for the security interest created by this Agreement and the liens set forth in Schedule B. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favour of the Secured Party relating to this Agreement. The Debtor has exclusive possession and control of the Equipment and Inventory, other than Inventory in transit in the ordinary course of business and Inventory in the possession or control of a warehouseman, bailee agent or other person, as to which the Debtor has notified the Secured Party in writing.
- 4.4. **Names, Etc.** The Debtor's exact legal name is set forth on the first page of this Agreement. The Debtor has no trade name.
- 4.5. **Valid and Perfected Security Interest.** This Agreement (together with the filing of any *Uniform Commercial Code* financing statements) creates a valid and perfected security



interest in the Collateral subject to the liens set forth in Schedule B, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken.

4.6. **Authorizations.** No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the granting by the Debtor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Debtor or (ii) for the perfection of or the exercise by the Secured Party of its rights and remedies hereunder, except for the filings of *Uniform Commercial Code* financing statements, filings with the New York State Department of Motor Vehicles, and filings with the United States Patent and Trademark Office and/or the Canadian Intellectual Property Office and/or any other intellectual property/patent office, as the case may be.

4.7. **As to Intellectual Property Collateral:**

- a) The Debtor has made all necessary filings and recordations to protect its interest in the Intellectual Property Collateral, including recordations of all of its interests in the Patent Collateral and Trademark Collateral in the United States Patent and Trademark Office and in corresponding offices throughout the world, and its claims to the Copyright Collateral in the *United States Copyright Office* and in corresponding offices throughout the world;
- b) The Debtor is the exclusive owner of all right, title and interest in and to such Intellectual Property Collateral, and no claim has been made that the use of the Intellectual Property Collateral violates the asserted rights of any third party; and
- c) The Debtor has performed and will continue to perform all acts and has paid and will continue to pay all required fees and taxes to maintain each and every such item of Intellectual Property Collateral in full force and effect.

## 5. COVENANTS AS TO COLLATERAL

5.1. The Debtor agrees that it shall:

- a) Keep the Equipment and Inventory (other than Inventory sold in the ordinary course of business) and keep its place(s) of business and chief executive office and the office where it keeps its records concerning the Receivables and all originals of all chattel paper which evidences Receivables at the places therefor specified in *Section 3* or, upon 30 days' prior written notice to the Secured Party, or at such other places indicated in writing to the Secured Party from time to time, and all action required by *Subsection 6.4* shall have been taken with respect to the Equipment, Inventory and Receivables.
- b) Cause the Equipment to be maintained and preserved in good repair and working order, ordinary wear and tear excepted, and shall in the case of any loss or damage to any of the Equipment, notify the Secured Party and make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end.

- c) Hold and preserve such records and chattel paper and permit representatives of the Secured Party at any time during normal business hours to inspect and make abstracts from such records and chattel paper.
- d) Pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral, except to the extent the validity thereof is being diligently contested in good faith by appropriate proceedings, and for which adequate reserves have been set aside in accordance with generally accepted accounting principles.
- e) Continue to collect, at its own expense, all amounts due or to become due to the Debtor under the Receivables. In connection with such collection, the Debtor may take (and, at the Secured Party's direction, shall take) such action as the Debtor or the Secured Party may deem necessary or advisable to enforce collection of the Receivables.
- f) The Debtor agrees that it shall not (i) change its name or federal taxpayer identification number except upon 30 days' prior written notice to the Secured Party or (ii) change its state of formation from the place on the first page of this Agreement.
- g) Other than at any time when any Secured Obligation is overdue and has been demanded by the Secured Party, until such time as the Secured Party notifies the Debtor in writing, the Debtor (i) may in the ordinary course of its business (except to the extent prohibited under any Secured Agreement), at its own expense, refine, process, store, transport, sell, lease or furnish under the contracts of service any of the Inventory normally held by the Debtor for such purpose, and use and consume, in the ordinary course of its business (except to the extent prohibited under any Secured Agreement), any raw materials, including work in process or materials normally held by the Debtor for such purpose, (ii) will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any Collateral, including the taking of such action with respect to such collection as the Secured Party requests or, in the absence of such request, as the Debtor may deem advisable, and (iii) may grant, in the ordinary course of business (except as otherwise permitted under any Secured Agreement), to any party obligated on any of the Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of goods, the sale or lease of which shall have given rise to such Collateral.

## **6. INSURANCE; MAINTENANCE OF COLLATERAL AND RECORDS**

- 6.1. The Debtor will keep the Collateral at all times insured by such insurance as the Secured Party may from time to time require, and in any event and without specific request by the Secured Party, will insure the Collateral consisting of goods (finished and unfinished) against fire, including so-called extended coverage, and theft, all insurance to be with such insurance companies, upon such terms in such form and for such period as shall

be reasonably satisfactory to the Secured Party, such insurance to be payable to Secured Party and Debtor as their interests may appear. All policies of insurance shall provide for not less than ten (10) days' prior written notice of cancellation or change in form to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions.

- 6.2. The Debtor will keep the Collateral in good order and repair, will not waste or destroy the Collateral or any part thereof, and will not use the same in violation of any law or policy of insurance thereon. The Debtor may substitute any portion of the Collateral with other Collateral of at least equal quality and value, provided that Debtor first obtains the written consent of the Secured Party which consent will not be unreasonably withheld or denied. The Debtor need not obtain the Secured Party's consent to a substitution of Collateral which is valued, in the aggregate, at less than Five Thousand Dollars (\$5,000.00). Notwithstanding the foregoing, nothing shall be construed so as to prevent the Debtor from dealing with any of the Collateral in the ordinary course of business.
- 6.3. The Secured Party may examine and inspect the Collateral at any reasonable time and upon reasonable prior notice and for that purpose may enter upon any premises where the Collateral may be located. The Debtor shall pay when due all taxes, assessments and other charges lawfully levied or assessed upon the Collateral, other than those which are being contested in good faith. The Debtor shall keep accurate and complete records listing and describing the Collateral. When requested by the Secured Party, the Debtor shall give the Secured Party a certificate on a form to be supplied by the Secured Party listing and describing the Collateral. The Secured Party shall have the right to make copies of any records or other writings which relate to the Collateral.
- 6.4. The Debtor agrees that it will, from time to time, at the expense of the Debtor, promptly execute and deliver all further instruments, documents and chattel paper, and take all further action, that may be necessary or desirable, or that the Secured Party might reasonably request, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Debtor will (i) if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document or chattel paper, deliver and pledge to the Secured Party hereunder such promissory note, instrument, negotiable document or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Secured Party and (ii) execute such *Uniform Commercial Code* financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Secured Party may request, in order to perfect and preserve the security interests and other rights granted or purported to be granted hereby.
- 6.5. The Debtor hereby authorizes the Secured Party to file one or more *Uniform Commercial Code* financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral (as described in Schedule A) without the signature of the Debtor where permitted by law. A carbon, photographic or other reproduction of this Agreement or any *Uniform Commercial Code* financing statement covering the Collateral

or any part thereof shall be sufficient as a financing statement where permitted by law.

- 6.6. The Debtor will furnish to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Secured Party may reasonably request, all in reasonable detail.
- 6.7. The Debtor will furnish to the Secured Party, from time to time at the request of the Secured Party, an opinion of counsel acceptable to the Secured Party to the effect that all *Uniform Commercial Code* financing or continuation statements have been filed, and all other action has been taken, to perfect and validate continuously from the date hereof the security interests granted hereby.
- 6.8. The Debtor will, at all times, keep pledged to the Secured Party pursuant hereto on a first priority perfected basis, subject only to the liens listed in Schedule B, all Collateral and other instruments, proceeds, and rights from time to time received by the Debtor in respect of any of the foregoing Collateral.

7. **SALES; OTHER SECURITY INTERESTS; FINANCING STATEMENTS**

The Debtor will not:

- 7.1. sell, lease, transfer or otherwise dispose of the Collateral or any interest therein, except in the ordinary course of business, without the prior written consent of the Secured Party as further set forth in this Agreement; or
- 7.2. mortgage, or create a security interest in or lien upon, the Collateral in favour of any person other than the Secured Party, or suffer to exist a security interest in or lien upon the Collateral in favour of any person other than the Secured Party, or permit anything to be done that may impair the value of the Collateral or the security intended to be afforded by this Agreement, save and except for the liens set forth in Schedule B.

8. **DEFAULT**

If any of the following events ("Events of Default") shall occur:

- 8.1. the Debtor and/or the Borrower shall be in default in any material respect hereunder or under any of the Secured Obligations to the Secured Party;
- 8.2. the Debtor and/or the Borrower shall be in breach of any covenant contained herein, in the Letter of Offer and/or any document evidencing the Secured Obligations, or any agreement entered into with the Secured Party, including, without limitation, the Guarantee;
- 8.3. any representation, warranty or statement contained herein, or in the Letter of Offer, or in a Promissory Note or any agreement entered into with the Secured Party, including, without limitation, the Guarantee, or in any certificate, report or document furnished by the Debtor to the Secured Party proves not to have been true and complete in any material respect as of the time it was made or furnished; or

- 8.4. If the Debtor and/or the Borrower shall admit in writing its inability to pay its debts; or make an assignment for the benefit of creditors or suffer a receiver or trustee for all or substantially all of its property to be appointed and, if appointed without its consent, not to be discharged within thirty (30) days; or suffer proceedings under any law relating to bankruptcy; insolvency or the reorganization or relief of debtors to be instituted by or against it and, if contested by it, not to be dismissed or stayed within thirty (30) days; or suffer any judgment to be entered against it, or any writ of attachment or execution or any similar process to be issued or levied against a substantial part of its property, which judgment, writ or process is not satisfied, discharged, released, stayed, bonded or vacated within thirty (30) days after its entry, issue or levy;

then, and in every such event, the Secured Party may declare the Debtor and/or the Borrower in default and exercise the rights and remedies of a secured party under the *Uniform Commercial Code* and any other rights and remedies set forth in this Agreement.

#### 9. RIGHTS ON DEFAULT

If an Event of Default shall occur, the Secured Party may:

- 9.1. without notice or demand to the Debtor and/or the Borrower declare all Secured Obligations of the Debtor to the Secured Party to be immediately due and payable;
- 9.2. exercise the rights and remedies accorded to a secured party under the *Uniform Commercial Code* or other law, or under any instrument or document securing the Secured Obligations of the Debtor to the Secured Party (including without limitation thereto the right to take immediate possession of the Collateral);
- 9.3. perform any warranty, covenant or agreement which the Debtor has failed to perform under this Agreement; and
- 9.4. take any other action which the Secured Party deems necessary or desirable to protect the Collateral or the security interests granted herein.

No course of dealing or delay in accelerating any Obligation of the Debtor to the Secured Party or in taking or failing to take any other action with respect to any Event of Default shall affect the right of the Secured Party to take such action at a later time. No waiver as to any one Event of Default shall affect the rights of the Secured Party upon any other Event of Default.

The Secured Party may exercise any or all of its rights or remedies after an Event of Default concurrently with, or independently of, and without regard to, the provisions of any other security agreement or other instrument which secures any Obligation of the Debtor to the Secured Party.

After an Event of Default, the Debtor, upon demand by the Secured Party, shall assemble the Collateral at the Debtor's cost and make it available to the Secured Party at a place to be reasonably designated by the Secured Party.

The requirement of the *Uniform Commercial Code* that the Secured Party give the Debtor reasonable notice of any proposed sale or disposition of the Collateral shall be met if such notice is given at least ten (10) days before the time of such sale or disposition.

The reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Secured Party shall be paid by the Debtor to the Secured Party and shall include, but not be limited to, reasonable fees of attorneys and legal expenses incurred by the Secured Party, and the payment thereof shall be secured by this Agreement.

10. **COSTS AND EXPENSES**

Any reasonable payment made or expense incurred by the Secured Party (including reasonable attorneys' fees and disbursements) in connection with the preparation of this Agreement and any other documents and instruments executed in connection herewith, or in connection with the protection, preservation or amendment of the rights of the Secured Party with respect to Secured Obligations of the Debtor to the Secured Party, security agreements, mortgages or other documents and instruments securing such Secured Obligations, or in connection with any amendment of this Agreement or other agreements and instruments, or in connection with the exercise by the Secured Party of any right upon the happening of any Event of Default, shall be added to the indebtedness of the Debtor to the Secured Party, shall bear interest at the rate set forth in the Letter of Offer, shall be payable upon demand, and shall be secured by the security interests granted hereunder and under any other instrument securing the indebtedness of the Debtor to the Secured Party. In addition, at the option of the Secured Party, upon the happening of any Event of Default, the Secured Party may pay for insurance on the Collateral, may pay for the maintenance and repair of the Collateral, may pay any taxes, assessments or other charges upon the Collateral which it in good faith have determined to be due, and may discharge any other security interest in or lien upon the Collateral. The amount of such expenditures shall be added to the indebtedness of the Debtor to the Secured Party, shall bear interest at the rate set forth in the Letter of Offer, shall be payable on demand, and shall be secured by the security interests granted herein and under any other instrument securing indebtedness of the Debtor to the Secured Party. The Secured Party shall have no Obligation to the Debtor to make any such expenditures nor shall the making thereof relieve the Debtor of any Event of Default.

11. **NOTICES**

Any notice under this Agreement shall be in writing and shall be deemed delivered if mailed by certified mail, postage prepaid, return receipt requested, if addressed to the Debtor or the Secured Party, as the case may be, at the respective addresses given at the beginning of this Agreement or such other address of any such party as may be specified by notice in writing given by such party to all other parties after the date hereof. If notice is given by mail and is not delivered within five (5) days of the date of the post mark, the applicable notice period shall be extended by two (2) days. Nothing contained herein shall prevent the giving of actual written notice in any other effective manner.

12. **SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon, and inure to the benefit of, the Debtor and its successors and assigns. This Agreement shall be binding upon, and inure to the benefit of, the Secured Party and its successors and assigns.

13. **TERM**

The term of this Agreement shall be until all Secured Obligations of the Debtor to the Secured Party have been paid and performed in full.

14. **WAIVERS**

The Debtor hereby waives demand, notice, protest, notice of acceptance of this Agreement, notice of Collateral received or delivered or any other action taken in reliance hereon and all other demands and notices of any description. With respect both to Secured Obligations of the Debtor to the Secured Party and with respect to the Collateral, the Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereof and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party may exercise its rights with respect to the Collateral without resorting to and without regard to other collateral or sources for reimbursement for liability. The Secured Party shall not be deemed to have waived any of its rights upon or under any Obligation of the Debtor to the Secured Party or the Collateral unless such waiver is in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Secured Party with respect to Secured Obligations of the Debtor to the Secured Party or the Collateral, whether evidenced hereby or by any other instrument or document, shall be cumulative and may be exercised separately or concurrently.

15. **COUNTERPARTS**

This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were contained in one and the same instrument.

16. **GOVERNING LAW**

This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed in accordance with, the law of the State of New York applicable to contracts made and to be performed entirely within such State, and shall have the effect of a sealed instrument. References in this Agreement to the *Uniform Commercial Code* refer to the *Uniform Commercial Code* of the State of New York. All terms used in this Agreement that are not expressly defined in this Agreement shall have the same definitions herein as specified in the *Uniform Commercial Code*. If a term is defined in Article 9 of the *Uniform Commercial Code* differently than in another article of the *Uniform Commercial Code*, the term as used in this Agreement has the meaning

specified in Article 9 of the *Uniform Commercial Code*.

17. **WAIVER OF JURY TRIAL**

THE DEBTOR AND THE SECURED PARTY HEREBY WAIVE TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF: (A) THIS AGREEMENT OR ANY OTHER INSTRUMENT OR DOCUMENT DELIVERED IN CONNECTION WITH THE SECURED OBLIGATIONS; (B) THE VALIDITY, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF; OR (C) ANY OTHER CLAIM OR DISPUTE HOWEVER ARISING BETWEEN THE DEBTOR AND THE SECURED PARTY.

[Remainder of page left blank intentionally - signatures on following page]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal, on the day and year first written above.

DDL INC.

By:

  
Maurice Berakat

BDC CAPITAL INC.

By:

  
Kim Toffoli

[Signature page – Security Agreement by DDL, Inc. in favour of BDC Capital Inc.]

## SCHEDULE A - FINANCING STATEMENT

Debtor: DDL, INC.

Secured Party: BDC CAPITAL INC.

All right, title and interest of the Debtor in all personal and fixture property of the Debtor, wherever located and whether now owned or hereafter created or acquired by the Debtor, including without limitation the following property (and rights therein) of the Debtor:

- a) **Equipment.** All equipment in all of its forms, located, now or hereafter existing (including, but not limited to, all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor and all accessories related thereto, office furniture, tools, machinery, rolling stock (including road vehicles) (all of the foregoing collectively referred to as the "Equipment").
- b) **Inventory.** All inventory in all of its forms, wherever located, now or hereafter existing (including, but not limited to, (i) all raw materials and work in process therefor, finished goods thereof, and materials used or consumed in the manufacture or production thereof, (ii) goods in which the Debtor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Debtor has an interest or right as consignee), and (iii) goods which are returned to or repossessed by the Debtor), and all accessions thereto and products thereof and documents therefor (all of the foregoing collectively referred to as the "Inventory").
- c) **Receivables and Related Contracts.** All accounts, deposit accounts, contracts, contract rights, chattel paper (whether tangible or electronic), documents, instruments (including promissory notes), letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), general intangibles (including tax refunds) and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, guaranties, leases, and other contracts securing or otherwise relating to any such accounts, contracts, contract rights, chattel paper, documents, instruments, general intangibles or other obligations (all of the foregoing collectively referred to as the "Receivables").
- d) **All Intellectual Property Collateral of the Debtor, now or hereafter existing, including, without limitation the Intellectual Property Collateral referred to below:**
  - (i) all computer and other electronic data processing hardware, together with

- all associated integrated computer systems and related equipment;
- (ii) all software programs now owned, licensed to or leased by the Debtor, or hereafter acquired by the Debtor;
  - (iii) all related firmware and documentation, together with all rights in relation to the property described in clauses (i) and (ii);
  - (iv) all copyrights, whether registered or unregistered, including all copyrights registered in the *United States Copyright Office* or elsewhere, all applications for registration thereof, all copyright licenses and all extensions and renewals of any thereof (the "*Copyright Collateral*");
  - (v) all patents including those registered in the United States Patent and Trademark Office or elsewhere, letters patent held by the Debtor and all patent applications, and any extensions or renewals thereof, and all patent licenses (the "*Patent Collateral*");
  - (vi) all trademarks including those registered in the United States Patent and Trademark Office or elsewhere, all trademarks and trademark licenses and any other trade names, corporate names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and all applications, renewals and extensions thereof (the "*Trademark Collateral*"); and
  - (vii) all licenses, domain names, source codes and any other form of intellectual property.
- e) **Contract Rights.** Securities and all other investment property, supporting obligations, and any other contract rights or rights to the payment of money not described above.
- f) **Proceeds.**
- (i) All products, offspring, rents, issues, profits, returns, income and proceeds of any and all of the foregoing collateral in any form (including, without limitation, proceeds which constitute property of the types described in *Subsections (1.1)(a), (b), (c), (d) and (e)* (if applicable)) and, to the extent not otherwise included, all payments under insurance (whether or not the Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing collateral.

**SCHEDULE B****LIENS**

- (a) A security interest granted by the Debtor in favour of Sovereign Bank, N.A. filed at the Minnesota Secretary of State on September 27, 2007 under number 200718375792 and continued on April 16, 2012 under number 20122795315, which shall be radiated forthwith;
- (b) A security interest granted by the Debtor in favour of Crown Credit Company filed at the Minnesota Secretary of State on January 6, 2009 under number 200916272635, as amended on September 15, 2009 under number 20091737726 and continued on May 5, 2014 under number 20143646608;
- (c) A security interest granted by the Debtor in favour of Royal Bank of Canada filed at the Minnesota Secretary of State on May 12, 2015 under number 826160100030, for which a priority agreement shall be granted by Royal Bank of Canada in favour of the Secured Party on all intellectual property collateral of the Debtor, present and future;
- (d) A security interest granted by the Debtor in favour of Santander Bank, N.A. filed at the Minnesota Secretary of State on May 26, 2015 under number 827650801062, as amended on June 19, 2015 under number 830665200035;
- (e) A security interest granted by the Debtor in favour of Santander Bank, N.A. filed at the Minnesota Secretary of State on July 10, 2015 under number 827650801062, as amended on June 19, 2015 under number 832805900406; and
- (f) A security interest granted by the Debtor in favour of Santander Bank, N.A. filed at the Minnesota Secretary of State on October 14, 2015 under number 846774400188.

**TRADEMARK**