

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549**

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the quarterly period ended March 31, 2025

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from _____ to

Commission File Number 001-38783

VILLAGE FARMS INTERNATIONAL, INC.
(Exact name of Registrant as Specified in its Charter)

Ontario
(State or other Jurisdiction of
Incorporation or Organization)

98-1007671
(I.R.S. Employer
Identification No.)

**90 Colonial Parkway
Lake Mary, Florida
32746**
(Address of Principal Executive Offices) (Zip Code)

(407) 936-1190
Issuer's phone number, including area code

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	VFF	The Nasdaq Stock Market LLC

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐ Not Applicable ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "small reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 5, 2025, 112,337,049 common shares of the registrant were outstanding.

TABLE OF CONTENTS

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements	
Condensed Consolidated Statements of Financial Position	2
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)	3
Condensed Consolidated Statements of Changes in Shareholders' Equity and Mezzanine Equity	4
Condensed Consolidated Statements of Cash Flows	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	17
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31
Item 4. Controls and Procedures	31
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	33
Item 1A. Risk Factors	33
Item 2. Unregistered Sale of Securities and Use of Proceeds	33
Item 3. Defaults Upon Senior Securities	33
Item 4. Mine Safety Disclosures	33
Item 5. Other Information	34
Item 6. Exhibits	35
Signatures	36

Forward Looking Statements

As used in this Quarterly Report on Form 10-Q, the terms “Village Farms”, “Village Farms International”, the “Company”, “we”, “us”, “our” and similar references refer to Village Farms International, Inc. and our consolidated subsidiaries, and the term “Common Shares” refers to our common shares, no par value. Our financial information is presented in U.S. dollars and all references in this Quarterly Report on Form 10-Q to “\$” means U.S. dollars and all references to “C\$” means Canadian dollars.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is subject to the safe harbor created by those sections. This Quarterly Report on Form 10-Q also contains “forward-looking information” within the meaning of applicable Canadian securities laws. We refer to such forward-looking statements and forward-looking information collectively as “forward-looking statements”. Forward-looking statements may relate to the Company's future outlook or financial position and anticipated events or results and may include statements regarding the financial position, business strategy, budgets, expansion plans, litigation, projected production, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the Company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the Company, the greenhouse vegetable or produce industry, the cannabis industry and market and our energy segment are forward-looking statements. In some cases, forward-looking information can be identified by such terms as “can”, “outlook”, “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “try”, “estimate”, “predict”, “potential”, “continue”, “likely”, “schedule”, “objectives”, or the negative or grammatical variation thereof or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-Q are subject to risks that may include, but are not limited to: our limited operating history in the cannabis and cannabinoids industry, including that of Pure Sunfarms, Corp. (“Pure Sunfarms”), Rose LifeScience Inc. (“Rose” or “Rose LifeScience”) and Balanced Health Botanicals, LLC (“Balanced Health”); the limited operational history of the Delta RNG Project in our energy segment and Leli Holland B.V. (“Leli”); the legal status of the cannabis business of Pure Sunfarms and Rose and the hemp business of Balanced Health and uncertainty regarding the legality and regulatory status of cannabis in the United States; risks relating to the integration of Balanced Health and Rose into our consolidated business; risks relating to obtaining additional financing on acceptable terms, including our dependence upon credit facilities and dilutive transactions; potential difficulties in achieving and/or maintaining profitability; variability of product pricing; risks inherent in the cannabis, hemp, CBD, cannabinoids, and agricultural businesses; our market position and competitive position; our ability to leverage current business relationships for future business involving hemp and cannabinoids; the ability of Pure Sunfarms and Rose to cultivate and distribute cannabis in Canada as well as exports; risks related to the start-up of international production at our Netherlands operations under Leli; potential inability to remain listed on the Nasdaq Capital Market (“Nasdaq”) if we do not regain compliance with Nasdaq’s minimum bid price requirement by October 13, 2025; risks relating to maintaining an active, liquid and orderly trading market for Common Shares as a result of the Company’s potential inability to regain compliance with the Nasdaq Stock Market’s listing rules; existing and new governmental regulations, including risks related to regulatory compliance and regarding obtaining and maintaining licenses required under the Cannabis Act (Canada), the Criminal Code and other Acts, S.C. 2018, C. 16 (Canada) for its Canadian operational facilities, and changes in our regulatory requirements; legal and operational risks relating to expected conversion of our greenhouses to cannabis production in Canada and in the United States; risks related to rules and regulations at the U.S. Federal (Food and Drug Administration and United States Department of Agriculture), state and municipal levels with respect to produce and hemp, cannabidiol-based products commercialization; retail consolidation, technological advances and other forms of competition; transportation disruptions; product liability and other potential litigation; retention of key executives; labor issues; uninsured and underinsured losses; vulnerability to rising energy costs; inflationary effects on costs of cultivation and transportation; recessionary effects on demand of our products; environmental, health and safety risks, foreign exchange exposure, risks associated with cross-border trade and the potential for tariffs and other trade restrictions; difficulties in managing our growth; restrictive covenants under our credit facilities; natural catastrophes; elevated interest rates; and tax risks.

The Company has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. Although the forward-looking statements contained in this Quarterly Report on Form 10-Q are based upon assumptions that management believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the Company's control, which may cause the Company's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors contained in the Company's filings with securities regulators, including this Quarterly Report on Form 10-Q and the Company's most recently filed annual report on Form 10-K.

When relying on forward-looking statements to make decisions, the Company cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future results, performance, achievements, prospects and opportunities. The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events or information as of the date on which the statements are made in this Quarterly Report on Form 10-Q. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Village Farms International, Inc. Condensed Consolidated Statements of Financial Position (In thousands of United States dollars, except share data) (Unaudited)

	March 31, 2025	December 31, 2024
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 15,125	\$ 24,631
Trade receivables, net	34,954	33,665
Inventories, net	51,459	53,137
Other receivables	38	327
Prepaid expenses and deposits	3,298	4,259
Total current assets	<u>104,874</u>	<u>116,019</u>
<i>Non-current assets</i>		
Property, plant and equipment, net	189,813	190,263
Investments	2,656	2,656
Goodwill	42,368	42,315
Intangibles, net	24,474	25,105
Deferred tax asset	918	1,005
Right-of-use assets	9,213	9,765
Other assets	2,788	2,178
Total assets	<u>\$ 377,104</u>	<u>\$ 389,306</u>
LIABILITIES		
<i>Current liabilities</i>		
Line of credit	\$ 5,000	\$ 4,000
Trade payables	15,305	24,499
Current maturities of long-term debt	4,819	8,142
Accrued sales taxes	8,392	8,740
Accrued loyalty program	763	1,029
Accrued liabilities	15,034	12,208
Lease liabilities - current	2,552	2,497
Income tax payable	1,673	51
Other current liabilities	1,023	1,053
Total current liabilities	<u>54,561</u>	<u>62,219</u>
<i>Non-current liabilities</i>		
Long-term debt	34,384	32,420
Deferred tax liability	19,213	19,940
Lease liabilities - non-current	7,932	8,573
Other liabilities	3,061	2,196
Total liabilities	<u>119,151</u>	<u>125,348</u>
MEZZANINE EQUITY		
Redeemable non-controlling interest	9,616	9,953
SHAREHOLDERS' EQUITY		
Common stock, no par value per share - unlimited shares authorized; 112,337,049 shares issued and outstanding at March 31, 2025 and 112,337,049 shares issued and outstanding at December 31, 2024.	387,349	387,349
Additional paid in capital	30,749	30,604
Accumulated other comprehensive loss	(18,042)	(18,932)
Retained earnings	(151,719)	(145,016)
Total shareholders' equity	<u>248,337</u>	<u>254,005</u>
Total liabilities, mezzanine equity and shareholders' equity	<u>\$ 377,104</u>	<u>\$ 389,306</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Village Farms International, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(In thousands of United States dollars, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Sales	\$ 77,074	\$ 78,077
Cost of sales	(65,734)	(62,564)
Gross profit	11,340	15,513
Selling, general and administrative expenses	(16,779)	(16,387)
Interest expense	(706)	(917)
Interest income	75	206
Foreign exchange loss	(84)	(878)
Other income	22	104
Loss before taxes	(6,132)	(2,359)
Provision for income taxes	(983)	(320)
Loss including non-controlling interests	(7,115)	(2,679)
Less: net loss (income) attributable to non-controlling interests, net of tax	412	(173)
Net loss attributable to Village Farms International, Inc. shareholders	\$ (6,703)	\$ (2,852)
Basic loss per share attributable to Village Farms International, Inc. shareholders	\$ (0.06)	\$ (0.03)
Diluted loss per share attributable to Village Farms International, Inc. shareholders	\$ (0.06)	\$ (0.03)
Weighted average number of common shares used in the computation of net loss per share (in thousands):		
Basic	112,337	110,249
Diluted	112,337	110,249
Loss including non-controlling interests	\$ (7,115)	\$ (2,679)
Other comprehensive income (loss):		
Foreign currency translation adjustment	965	(4,251)
Comprehensive loss including non-controlling interests	(6,150)	(6,930)
Comprehensive (income) loss attributable to non-controlling interests	339	115
Comprehensive loss attributable to Village Farms International, Inc. shareholders	\$ (5,811)	\$ (6,815)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Village Farms International, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity and Mezzanine Equity
(In thousands of United States dollars, except for shares outstanding)
(Unaudited)

	Three Months Ended March 31, 2025							
	Number of Common Shares (in thousands)	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive (Loss) gain	Retained Earnings	Total Shareholders’ Equity	Mezzanine Equity	
Balance December 31, 2024	112,337	\$ 387,349	\$ 30,604	\$ (18,932)	\$ (145,016)	\$ 254,005	\$ 9,953	
Share-based compensation	—	—	145	—	—	145	—	
Cumulative translation adjustment	—	—	—	890	—	890	75	
Net loss income	—	—	—	—	(6,703)	(6,703)	(412)	
Balance at March 31, 2025	<u>112,337</u>	<u>\$ 387,349</u>	<u>\$ 30,749</u>	<u>\$ (18,042)</u>	<u>\$ (151,719)</u>	<u>\$ 248,337</u>	<u>\$ 9,616</u>	

	Three Months Ended March 31, 2024							
	Number of Common Shares (in thousands)	Common Stock	Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Non- controlling Interest	Total Shareholders’ Equity	Mezzanine Equity
Balance at December 31, 2023 as previously reported	110,249	\$ 386,719	\$ 25,611	\$ (3,540)	\$ (106,165)	\$ 649	\$ 303,274	\$ 15,667
Adjustments	—	-	-	-	(3,000)	-	(3,000)	—
Balance at December 31, 2023	110,249	386,719	25,611	(3,540)	(109,165)	649	300,274	15,667
Share-based compensation	—	—	405	—	—	—	405	—
Cumulative translation adjustment	—	—	—	(3,963)	—	(21)	(3,984)	(267)
Net (loss) income	—	—	—	—	(2,852)	(54)	(2,906)	227
Balance at March 31, 2024	<u>110,249</u>	<u>\$ 386,719</u>	<u>\$ 26,016</u>	<u>\$ (7,503)</u>	<u>\$ (112,017)</u>	<u>\$ 574</u>	<u>\$ 293,789</u>	<u>\$ 15,627</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Village Farms International, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands of United States dollars)
(Unaudited)

	Three Months Ended March 31,	
	2025	2024
Cash flows provided by (used in) operating activities:		
Loss including non-controlling interests	\$ (7,115)	\$ (2,679)
Adjustments to reconcile net loss attributable to Village Farms International, Inc. shareholders to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,973	4,558
Amortization of deferred charges	—	10
Interest expense	706	917
Interest paid on long-term debt	(794)	(1,062)
Unrealized foreign exchange loss	49	130
Non-cash lease expense	532	631
Share-based compensation	145	405
Deferred income taxes	(663)	330
Changes in non-cash working capital items	(4,209)	(3,290)
Net cash used in operating activities	(6,376)	(50)
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(2,539)	(1,876)
Issuance of note receivable	(300)	—
Net cash used in investing activities	(2,839)	(1,876)
Cash flows provided by (used in) financing activities:		
Proceeds from borrowings	1,000	—
Repayments on borrowings	(1,384)	(1,442)
Net cash used in financing activities	(384)	(1,442)
Effect of exchange rate changes on cash and cash equivalents	93	(238)
Net decrease in cash, cash equivalents and restricted cash	(9,506)	(3,606)
Cash, cash equivalents and restricted cash, beginning of period	24,631	35,291
Cash, cash equivalents and restricted cash, end of period	<u>\$ 15,125</u>	<u>\$ 31,685</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

1. BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Village Farms International, Inc. (“VFF” and, together with its subsidiaries, the “Company”, “we”, “us”, or “our”) is a corporation existing under the Ontario Business Corporations Act. VFF’s principal operating subsidiaries as of March 31, 2025 were Village Farms Canada Limited Partnership, Village Farms, L.P.(together, “Village Farms Fresh” or “VF Fresh”), Pure Sunfarms Corp. (“Pure Sunfarms”), Balanced Health Botanicals, LLC (“Balanced Health”) and VF Clean Energy, Inc. (“VFCE”) and Leli Holland B. V. (“Leli”). VFF also owns an 80% interest in Rose LifeScience Inc. (“Rose”).

The address of the registered office of VFF is 79 Wellington Street West, Suite 3300, Toronto, Ontario, Canada, M5K 1N2.

The address of the principal executive office of VFF is 90 Colonial Center Pkwy, Lake Mary, Florida, United States, 32746.

The Company’s shares are listed on Nasdaq Capital Market (“Nasdaq”) under the symbol “VFF”. On October 18, 2024, the Company received notification from Nasdaq that it is not in compliance with the minimum bid price requirement for continued listing on the Nasdaq (Nasdaq Listing Rule 5550(a)(2)) (the “Minimum Bid Requirement”) as the bid price for the Company’s common shares (the “Common Shares”) closed below US\$1.00 from September 6, 2024 to October 17, 2024. Pursuant to this notification, the Company had an initial 180-calendar day period to regain compliance with the Minimum Bid Requirement which ended on April 16, 2025.

On April 17, 2025, the Company received notification from Nasdaq that the Company’s did not regain compliance with the Minimum Bid Requirement during the initial 180-calendar day period. Following this notification, on April 21, 2025, the Company requested, and Nasdaq approved, a 180-calendar day extension (the “Extension”) to regain compliance with the Minimum Bid Requirement.

As a result of the Extension, the Company now has until October 13, 2025 (the “New Compliance Period”) to regain compliance with the Minimum Bid Requirement. The Extension has no immediate effect on the listing of the Common Shares on the Nasdaq Capital Market. During the New Compliance Period, the Common Shares will continue to trade on the Nasdaq Capital Market. If at any time before the end of the New Compliance Period, the bid price of the Common Shares closes at or above US\$1.00 per share for a minimum of 10 consecutive business days, it is expected that Nasdaq would notify the Company that it has regained compliance with the Minimum Bid Requirement.

In the event the Company does not regain compliance with the Minimum Bid Requirement by the end of the New Compliance Period, the Company may be subject to delisting of its Common Shares from the Nasdaq Capital Market, at which time the Company may request a review of the delisting determination by a Nasdaq Hearings Panel.

We can provide no assurance that the Company would receive a favorable decision from a Nasdaq Hearing Panel after the end of the Compliance Period or that the Common Shares will not be delisted from Nasdaq.

VFF owns and operates sophisticated, highly intensive agricultural greenhouse facilities in British Columbia and Texas, where it produces, markets and sells premium-quality tomatoes, bell peppers and cucumbers. Its wholly owned subsidiary, Pure Sunfarms, is a vertically integrated licensed producer and supplier of cannabis products sold to customers throughout Canada and internationally. Through its 80% ownership interest of Rose, the Company has a substantial presence in the Province of Quebec as a cannabis supplier, producer and commercialization expert. The Company’s wholly owned subsidiary, Balanced Health, develops and sells high quality, cannabidiol (“CBD”) based products including ingestible, edible and topical applications within the U.S. Its wholly owned subsidiary, Leli, is a vertically integrated licensed producer and supplier of cannabis products sold to coffee shops in the Netherlands.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions for Form 10-Q and Rule 10-01 of Regulation S-X. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The accompanying condensed consolidated statement of financial position as of December 31, 2024 is derived from the Company’s audited financial statements as of that date. Because certain information and footnote disclosures have been condensed or omitted, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as of and for the year ended December 31, 2024 contained in the Company’s 2024 Annual Report on Form 10-K. In management’s opinion, all normal and recurring adjustments considered necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented have been included. When necessary, certain prior year amounts have been reclassified to conform with the current period presentation. Interim period operating results do not necessarily indicate the results that may be expected for any

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

other interim period or for the full fiscal year. The Company believes that the disclosures made in these condensed consolidated financial statements are adequate to make the information not misleading.

Principals of Consolidation

The accompanying condensed consolidated financial statements include Village Farms International, Inc. and its subsidiaries and include the accounts of all majority-owned subsidiaries over which the Company exercises control and, when applicable, entities in which the Company has a controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation. Other parties' interests in entities that the Company consolidates are reported as non-controlling interests within equity, except for mandatorily redeemable non-controlling interests, which are recorded within mezzanine equity. Net income or loss attributable to non-controlling interests is reported as a separate line item below net income or loss. The Company applies the equity method of accounting for its investments in entities for which it does not have a controlling financial interest, but over which it has the ability to exert significant influence. For equity investees in which the Company has an undivided interest in the assets, liabilities and profits or losses of an unconsolidated entity, but does not exercise control over the entity, the Company consolidates its proportional interest in the accounts of the entity.

Revision of Prior-Period Condensed Consolidated Financial Statements

In connection with the preparation of our 2024 consolidated financial statements, the Company identified an immaterial misstatement in its estimate of its deferred tax asset valuation allowance as of December 31, 2023. As a result, retained earnings as of December 31, 2023 decreased by \$3,000, reflecting the correction of this item. Our revision had no impact to the Company's consolidated statement of cash flows. Additionally, our revision had no impact to the Company's segment profit measures, compliance with debt covenants, or performance metrics used in the calculation of executive compensation as the impacted line items are excluded from these calculations. We evaluated the materiality of the impact quantitatively and qualitatively and concluded it was not material to any of the prior periods.

Translations of Foreign Currencies

The assets and liabilities of foreign subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars at period-end exchange rates, with resulting translation gains or losses included within other comprehensive income or loss. Revenue and expenses are translated into U.S. dollars at average rates of exchange during the applicable period. Substantially all of the Company's foreign operations use their local currency as their functional currency. For foreign operations for which the local currency is not the functional currency, the operation's non-monetary assets are remeasured into U.S. dollars at historical exchange rates. All other accounts are remeasured at current exchange rates, with both gains or losses from remeasurement and currency gains or losses from transactions executed in currencies other than the functional currency included in foreign exchange (loss) gain.

In these condensed consolidated financial statements, "\$" means U.S. dollars and "C\$" means Canadian dollars, unless otherwise noted.

The exchange rates used to translate from Canadian dollars to U.S. dollars is shown below:

	As of		
	March 31, 2025	March 31, 2024	December 31, 2024
Spot rate	0.6966	0.7383	0.6957
Three-month period ended	0.6965	0.7417	N/A

General Economic, Regulatory and Market Conditions

The Company has experienced, and may continue to experience, direct and indirect negative effects on its business and operations from negative economic, regulatory and market conditions, including inflationary effects on fuel prices, labor and materials costs, elevated interest rates, tariffs, potential recessionary impacts and supply chain disruptions that could negatively affect demand for new projects and/or delay existing project timing or cause increased project costs. The extent to which general economic, regulatory and market conditions could affect the Company's business, operations and financial results is uncertain as it will depend upon numerous evolving factors that management may not be able to accurately predict, and, therefore, any future impacts on the Company's business, financial condition and/or results of operations cannot be quantified or predicted with specificity.

Recent Accounting Pronouncements

No accounting pronouncements recently issued or newly effective have had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

2. INVENTORIES

Inventories consisted of the following as of:

Classification	March 31, 2025	December 31, 2024
Cannabis:		
Raw materials	\$ 7,888	\$ 6,372
Work-in-progress	10,727	7,052
Finished goods	17,105	21,872
Packaging	3,380	3,100
Produce:		
Crop inventory	11,606	13,543
Purchased produce inventory	753	1,198
Inventory	\$ 51,459	\$ 53,137

3. REVENUES

The Company's produce and cannabis revenue transactions consist of a single performance obligation to transfer promised goods at a fixed price. Quantities to be delivered to the customer are determined at a point near the date of delivery through purchase orders received from the customer. The Company recognizes revenue when it has fulfilled a performance obligation, which is typically when the customer receives the goods. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring the goods. The amount of revenue recognized is measured at the fair value of the consideration received or receivable, reduced for excise duty, returns, and other customer credits, such as trade discounts and volume rebates. Payment terms are consistent with terms standard to the markets the Company serves.

The following table disaggregates the Company's net revenue by major source for the three months ended:

Classification	March 31, 2025	March 31, 2024
Cannabis:		
Branded ⁽¹⁾	\$ 22,761	\$ 29,020
Non-Branded	6,279	6,478
International	5,388	1,499
Other	409	449
U.S. Cannabis	3,904	4,537
Netherlands Cannabis	486	0
Produce	37,421	36,094
Clean Energy	426	—
Total Revenue	\$ 77,074	\$ 78,077

(1) Branded revenues are shown net of excise tax on products. For the three months ended March 31, 2025 and 2024 excise tax on products was \$13,947 and \$19,703, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following as of:

Classification	March 31, 2025	December 31, 2024
Land	\$ 13,823	\$ 13,771
Leasehold and land improvements	11,344	11,107
Buildings	206,999	206,794
Machinery and equipment	88,020	85,552
Construction in progress	10,982	11,147
Less: Accumulated depreciation	(141,355)	(138,108)
Property, plant and equipment, net	\$ 189,813	\$ 190,263

Depreciation expense on property, plant and equipment, was \$3,517 and \$3,728 for the three months ended March 31, 2025 and 2024, respectively.

Capitalized interest was \$188 and \$287 for the three months ended March 31, 2025 and 2024, respectively.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following table presents the changes in the carrying value of goodwill by reportable segment for the three months ended March 31, 2025:

	Cannabis - Canada	
Balance as of December 31, 2024	\$	42,315
Foreign currency translation adjustment		53
Balance as of March 31, 2025	\$	<u>42,368</u>

Intangible Assets

Intangible assets consisted of the following as of:

Classification	March 31, 2025	December 31, 2024
Licenses	\$ 17,456	\$ 17,196
Brand and trademarks*	3,274	12,520
Customer relationships	12,546	12,530
Computer software	963	2,029
Other*	144	144
Less: Accumulated amortization	(9,909)	(10,064)
Less: Impairments*	—	(9,250)
Intangibles, net	<u>\$ 24,474</u>	<u>\$ 25,105</u>

* Includes indefinite-lived intangible assets

The expected future amortization expense for definite-lived intangible assets as of March 31, 2025 was as follows:

Fiscal period	
Remainder of 2025	\$ 2,250
2026	3,050
2027	3,050
2028	1,795
2029	1,794
Thereafter	9,117
Intangibles, net	<u>\$ 21,056</u>

Amortization expense for intangibles for the three months ended March 31, 2025 and 2024 were \$794 and \$830, respectively.

Assessment for Indicators of Impairment

At the end of each reporting period, the Company assesses whether events or changes in circumstances have occurred that would indicate an impairment. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

During the three months ended March 31, 2025 and 2024, the Company considered qualitative factors in assessing for impairment indicators for the Company's U.S. and Canadian Cannabis segments.

At March 31, 2025 and 2024, the Company concluded that no impairment indicators existed as no events or circumstances occurred that would, more likely than not, reduce the fair value of the reporting units to be below their carrying amounts.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

6. LINE OF CREDIT AND LONG-TERM DEBT

The following table provides details for the carrying values of debt as of:

	March 31, 2025	December 31, 2024
Term Loan - ("FCC Term Loan") - repayable by monthly principal payments of \$164 and accrued interest at Secured Overnight Financing Rate ("SOFR") plus an applicable margin per annum (7.87% at March 31, 2025); matures May 3, 2027	\$ 20,329	\$ 20,821
Term Loan - ("Pure Sunfarms Non-Revolving Facility") - C\$19.0M - Canadian prime interest rate plus an applicable margin (6.95% as of March 31, 2025), repayable in quarterly payments equal to 2.50% of the outstanding principal amount, matures February 7, 2026	5,921	6,262
Term loan - ("Pure Sunfarms Term Loan") - C\$25.0M - Canadian prime interest rate plus an applicable margin (6.95% as of March 31, 2025), repayable in quarterly payments equal to 2.50% of the outstanding principal amount, matures February 7, 2026	10,014	10,436
Term Loan - (Pure Sunfarms "BDC Facility") - non-revolving demand loan repayable by monthly principal payments of C\$52 and accrued interest at Canadian prime interest rate plus an applicable margin (8.70% at March 31, 2025), matures December 31, 2031	2,939	3,043
Total	\$ 39,203	\$ 40,562
Less current maturities	4,819	8,142
Total long-term debt	\$ 34,384	\$ 32,420

As collateral for the FCC Term Loan, the Company has provided promissory notes and a first priority security interest over its accounts receivable and inventory. In addition, the Company has granted full recourse guarantees and security therein. The carrying value of the assets and securities pledged as collateral for the FCC Term Loan as of March 31, 2025 and December 31, 2024 was \$69,613 and \$77,682, respectively.

On April 10, 2025, the Company entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with Farm Credit Canada ("FCC") as the lender, which amended and restated the terms of the FCC Term Loan. Among other things, the A&R Credit Agreement (i) adds the Company as a new borrower, (ii) adds VF Clean Energy, Inc. as a new guarantor, and (iii) provides more favorable financial covenants.

As of March 31, 2025, the PSF Non-Revolving Facility was secured by the Delta 2 and Delta 3 greenhouse facilities and contained customary financial and restrictive covenants.

The Company has a revolving line of credit agreement with a Canadian chartered bank (the "Operating Loan") maturing May 2027. The Operating Loan can be drawn in advances of up to C\$10,000, had an outstanding balance of \$5,000 and \$4,000 drawn on the facility as of March 31, 2025 and December 31, 2024, respectively, and future availability of \$2,588 on March 31, 2025. Interest under the Operating Loan is payable at the Canadian prime rate plus an applicable margin per annum (7.87% at March 31, 2025), payable monthly.

The carrying value of the assets pledged as collateral for the Operating Loan as of March 31, 2025 and December 31, 2024 was \$23,755 and \$27,136, respectively.

As of March 31, 2025, Pure Sunfarms had a revolving line of credit (the "PSF Revolving Line of Credit") with a Canadian chartered bank. The PSF Revolving Line of Credit could be drawn for advances of up to C\$15,000 and had an outstanding balance of C\$0 as of March 31, 2025 and December 31, 2024. Interest under the PSF Revolving Line of Credit was payable at the Canadian prime rate plus an applicable margin per annum (6.95% at March 31, 2025), payable monthly. As described below, on April 17, 2025, Pure Sunfarms replaced the Pure Sunfarms Loans and the PSF Revolving Line of Credit with the Pure Sunfarms Secured Credit Facilities (as defined below).

The Company was required to comply with financial covenants, measured either quarterly or annually depending on the covenant. The Company was in compliance with all its covenants as of March 31, 2025.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

The weighted average annual interest rate on short-term borrowings as of March 31, 2025 and December 31, 2024 was 7.81% and 9.44%, respectively.

Accrued interest payable on all long-term debt as of March 31, 2025 and December 31, 2024 was \$353 and \$271, respectively, and these amounts are included in accrued liabilities in the Condensed Consolidated Statements of Financial Position.

On April 17, 2025, the Company entered into a secured credit facility with a Canadian chartered bank as administrative agent with an aggregate borrowing capacity of C\$37.4 million, consisting of a maximum C\$10.0 million revolving credit facility (the "Pure Sunfarms Revolving Credit Facility"), and a C\$27.4 million term loan facility (the "Pure Sunfarms Term Loan Facility", and collectively with the Pure Sunfarms Revolving Credit Facility, the "Pure Sunfarms Secured Credit Facilities"). The Pure Sunfarms Secured Credit Facilities are secured by the Delta 2 and Delta 3 greenhouse facilities. The Pure Sunfarms Secured Credit Facilities were used to replace, and repay remaining outstanding balances on, the Company's (i) Pure Sunfarms Term Loan, (ii) the Pure Sunfarms Non-Revolving Facility, (iii) the BDC Facility, and (iv) the PSF Revolving Line of Credit. The credit and guarantee agreements related to the Pure Sunfarms Loan, the Pure Sunfarms Non-Revolving Credit Facility, the BDC Facility, and the PSF Revolving Line of Credit were terminated.

The Pure Sunfarms Secured Credit Facilities can be drawn for advances of up to C\$10.0 million. The outstanding amount of the Pure Sunfarms Term Loan Facility will be repayable, on a quarterly basis, in an amount equal to C\$1.0 million. Any amount remaining unpaid will be due and payable in full on the maturity date, which is on February 7, 2028.

The loans under the Pure Sunfarms Secured Credit Facilities will accrue interest at a rate equal to, at the company's option, (a) the Canadian Prime Rate plus the applicable margin, or (b) the Canadian Overnight Repo Rate Average plus the applicable margin. The applicable margin for the Pure Sunfarms Secured Credit Facility is determined based upon the leverage ratio.

The Pure Sunfarms Secured Credit Facilities also contain customary covenants, customary representations and warranties, affirmative covenants, financial covenants and events of default.

In accordance with ASC 470-10-45, *Debt, Other Presentation Matters*, because the Pure Sunfarms Secured Credit Facilities were issued subsequent to the balance sheet date of March 31, 2025, and because a portion of the Pure Sunfarms Secured Credit Facilities proceeds were used to pay off the Pure Sunfarms Term Loans and the BDC Facility, the Company reclassified the short-term portion of the of the Pure Sunfarms Term Loan, the Pure Sunfarms Non-Revolving Facility, and the BDC Facility on the balance sheet as of March 31, 2025 to long-term, except for the C\$4.0 million (\$2.9 million as of March 31, 2025) in current-maturities of long-term debt (which represents payments due in the next 12 months under the Pure Sunfarms Secured Credit Facilities).

The aggregate annual principal maturities of long-term debt for the remainder of 2025 and thereafter are as follows:

Remainder of 2025	\$ 3,631
2026	4,754
2027	19,673
2028	11,145
Total	<u>\$ 39,203</u>

7. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized on the consolidated statements of financial position at fair value in a hierarchy for those assets and liabilities measured at fair value on a recurring basis.

At March 31, 2025 and December 31, 2024, the Company's financial instruments included cash and cash equivalents, trade receivables, minority investments, line of credit, trade payables, accrued liabilities, lease liabilities, and note payables. The carrying value of cash and cash equivalents, trade receivables, trade payables, and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying value of line of credit, lease liabilities, notes payable, and debt approximate their fair values due to the short-term nature of these instruments or the use of market interest rates for debt instruments.

There were no financial instruments categorized as Level 3 at March 31, 2025 and December 31, 2024, other than the minority investments. There were no transfers of assets or liabilities between levels during the three months ended March 31, 2025 or March 31, 2024.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company leases its Rose office building from a Company employee who also owns a minority interest in Rose. For the three months ended March 31, 2025, the Company paid C\$36 and for the three months ended March 31, 2024 the Company paid C\$39 to lease this office space.

One of the Company's employees is related to a member of the Company's executive management team and received approximately \$36 in salary and benefits during the three months ended March 31, 2025 and \$30 in salary and benefits during the three months ended March 31, 2024.

9. INCOME TAXES

The Company has recorded a provision for income taxes of \$983 for the three months ended March 31, 2025, compared with a provision for income taxes of \$320 for the same period last year.

The Company's income tax provision is based on management's estimate of the effective tax rate for the full year. The tax (provision) benefit in any period will be affected by, among other things, permanent, as well as discrete items, differences in the deductibility of certain items, changes in the valuation allowance related to net deferred tax assets, in addition to changes in tax legislation. As a result, the Company may experience significant fluctuations in the effective book tax rate (that is, tax expense divided by pre-tax book income) from period to period.

In order to fully utilize the net deferred tax assets, the Company will need to generate sufficient taxable income in future years. The Company analyzed all positive and negative evidence to determine if, based on the weight of available evidence, it is more likely than not to realize the benefit of the net deferred tax assets. The recognition of the net deferred tax assets and related tax benefits is based upon the Company's conclusions regarding, among other considerations, estimates of future earnings based on information currently available and current and anticipated customers, contracts, and product introductions, as well as historical operating results and certain tax planning strategies.

Based on the analysis of all available evidence, both positive and negative, the Company has concluded that it does not have the ability to generate sufficient taxable income in the necessary periods to utilize the entire benefit for its deferred tax assets. Accordingly, the Company established a valuation allowance of \$50,832 as of March 31, 2025 and \$48,561 as of December 31, 2024. The Company cannot presently estimate what, if any, changes to the valuation of its deferred tax assets may be deemed appropriate in the future.

As of March 31, 2025, the Company's net deferred tax assets totaled \$918 and were primarily derived from a tax planning strategy to utilize a portion of its existing net operating loss carryforwards.

10. SEGMENT AND GEOGRAPHIC INFORMATION

The Company regularly monitors its reportable segments to determine if changes in facts and circumstances would indicate whether changes in the determination or aggregation of operating segments are necessary. In the fourth quarter of 2024, the Company determined that Leli had met the quantitative threshold to be a reportable segment. In addition, during the fourth quarter of 2024, the chief operating decision-maker ("CODM") changed the segment profit measure to operating income or loss from gross margin. We believe that segment operating (loss) income is a more useful measure because it allows management, analysts, investors, and other interested parties to evaluate the profitability of our business operations before the effects of certain expenses that directly arise from non-operating activities (other income/expense), financing decisions (interest), and tax strategies (income taxes). These changes have been applied to all periods presented.

Segment reporting is prepared on the same basis that the Company's Chief Executive Officer, who is the CODM, manages the business, makes operating decisions and assesses performance. Management has determined that the Company operates in five reportable segments: Produce, Cannabis-Canada, Cannabis-U.S., Clean Energy, and Cannabis - Netherlands (previously Leli). The Produce segment produces, markets and sells premium quality tomatoes, bell peppers and cucumbers. The Cannabis-Canada segment produces and supplies cannabis products to be sold to other licensed providers and provincial governments across Canada and internationally. The Cannabis-U.S. segment develops and sells high-quality, CBD-based health and wellness products including ingestible, edible and topical applications across the United States. The Clean Energy business receives a royalty representing a portion of the natural gas that is sold to one customer pursuant to its long-term contract. The Cannabis - Netherlands segment produces and supplies cannabis products in the Netherlands, supplying designated coffee shops.

The accounting policies of the segments are the same as those described in the summary of business, basis of presentation and significant accounting policies. The Company evaluates performance for all of its reportable segments based on segment operating (loss) income from operations.

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

For all of its reportable segments, the CODM uses segment operating (loss) income to allocate resources (including employees, property, and financial or capital resources) for each segment, predominantly in the annual budget and forecasting process. The CODM considers budget-to-actual variances on a monthly basis for the (loss) income when making decisions about allocating capital and personnel to the segments. The CODM also uses segment (loss) income to assess the performance for each segment by comparing the results with one another.

The following tables reflect the reconciliation of segment revenue, measures of a segments profit or loss, and significant segment expenses reconciled to the consolidated loss before income taxes:

For the Three Months Ended March 31, 2025

	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Total
Sales to external customers	\$ 37,421	\$ 34,837	\$ 3,904	\$ 426	\$ 486	\$ 77,074
Cost of sales	(41,703)	(22,362)	(1,311)	(73)	(285)	(65,734)
Selling, general and administrative expenses	(2,875)	(8,762)	(2,535)	(28)	(439)	(14,639)
Segment operating (loss) income	\$ (7,157)	\$ 3,713	\$ 58	\$ 325	\$ (238)	\$ (3,299)
Reconciliation of segment operating (loss) income to net loss before taxes						
Other expense, net ⁽²⁾						(693)
Other corporate expenses ⁽³⁾						(2,140)
Loss before taxes						<u>\$ (6,132)</u>

For the Three Months Ended March 31, 2024

	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Total
Sales to external customers	\$ 36,094	\$ 37,446	\$ 4,537	\$ —	\$ —	\$ 78,077
Cost of sales	(32,784)	(27,938)	(1,842)	—	—	(62,564)
Selling, general and administrative expenses	(2,693)	(7,704)	(3,406)	(20)	(363)	(14,186)
Segment operating income (loss)	\$ 617	\$ 1,804	\$ (711)	\$ (20)	\$ (363)	\$ 1,327
Reconciliation of segment operating (loss) income to net loss before taxes						
Other expense, net ⁽²⁾						(1,485)
Other corporate expenses ⁽³⁾						(2,201)
Loss before taxes						<u>\$ (2,359)</u>

- (1) The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM.
- (2) Other income (expense), net is comprised of interest expense, interest income, foreign exchange (loss) gain, other income (expense).
- (3) Other corporate expenses are comprised of expenses related to centralized corporate functions such as accounting, treasury, information technology, legal, human services, and internal audit expenses.

The following tables summarizes our interest income, interest expense, depreciation and amortization, other significant noncash items, and expenditures for capital assets by reportable segment:

For the Three Months Ended March 31, 2025

	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Segment Totals	Corporate	Consolidated Totals
Interest income	—	51	—	—	—	51	24	75
Interest expense	515	191	—	—	—	706	—	706
Depreciation and amortization	1,991	2,574	49	—	315	4,929	44	4,973
Share based compensation	13	41	7	—	—	61	84	145
Other significant noncash items:								
Non-cash lease expense	375	21	136	—	—	532	—	532
Expenditures for segment assets	1,307	1,058	8	—	166	2,539	—	2,539

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

	For the Three Months Ended March 31, 2024							
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Segment Totals	Corporate	Consolidated Totals
Interest income	2	50	—	—	—	52	154	206
Interest expense	572	345	—	—	—	917	—	917
Depreciation and amortization	1,334	2,796	54	—	314	4,498	60	4,558
Share based compensation	—	55	42	—	—	97	308	405
Other significant noncash items:								
Non-cash lease expense	470	22	139	—	—	631	—	631
Expenditures for segment assets	1,063	82	4	—	727	1,876	—	1,876

The following tables summarizes our total assets by reportable segment:

	March 31, 2025	December 31, 2024
Assets		
Produce	\$ 86,538	\$ 97,332
Cannabis - Canada	264,463	266,433
Cannabis - United States	6,662	6,728
Clean Energy	523	360
Cannabis - Netherlands	12,109	11,093
Total assets for reportable segments	\$ 370,295	\$ 381,946
Corporate	6,809	7,360
Consolidated total	<u>\$ 377,104</u>	<u>\$ 389,306</u>

The Company's primary operations are in the United States and Canada. The following tables summarizes our assets by geographic location:

Total assets	March 31, 2025	December 31, 2024
United States	\$ 73,492	\$ 87,894
Canada	291,503	290,319
Netherlands	12,109	11,093
	<u>\$ 377,104</u>	<u>\$ 389,306</u>

Long-lived assets	March 31, 2025	December 31, 2024
United States	\$ 43,115	\$ 43,686
Canada	218,625	219,735
Netherlands	10,490	9,866
	<u>\$ 272,230</u>	<u>\$ 273,287</u>

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

11. LOSS PER SHARE

Basic and diluted net loss per common share is calculated as follows:

	Three months ended March 31,	
	2025	2024
Numerator:		
Net loss attributable to Village Farms International, Inc. shareholders	\$ (6,703)	\$ (2,852)
Denominator:		
Weighted average number of common shares - basic	112,337	110,249
Effect of dilutive securities- share-based employee options and awards	—	—
Weighted average number of common shares - diluted	112,337	110,249
Antidilutive options and awards	6,692	6,572
Net loss per ordinary share:		
Basic	\$ (0.06)	\$ (0.03)
Diluted	\$ (0.06)	\$ (0.03)

12. SHAREHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

Share-based compensation expense was \$145 and \$405 for the three months ended March 31, 2025 and 2024, respectively.

Stock option activity for the three months ended March 31, 2025 was as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2024	6,518,409	\$ 3.44	6.79	\$ 90
Granted	225,000	\$ 0.63	5.00	\$ —
Forfeited/expired	(51,333)	\$ 3.22		
Outstanding at March 31, 2025	6,692,076	\$ 3.36	6.50	\$ 2
Exercisable at March 31, 2025	4,693,932	\$ 4.39	6.02	\$ 1

Restricted shares activity for the three months ended March 31, 2025 was as follows:

	Number of Restricted Stock Grants	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2024	700,860	\$ 0.17
Granted	—	—
Vested and Issued	—	—
Outstanding at March 31, 2025	700,860	\$ 0.17
Exercisable at March 31, 2025	—	\$ -

VILLAGE FARMS INTERNATIONAL, INC.
Notes to Condensed Consolidated Interim Financial Statements
(In thousands of United States dollars, except per share amounts, unless otherwise noted)

13. CHANGES IN NON-CASH WORKING CAPITAL ITEMS AND SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2025	2024
Trade receivables	\$ (3,589)	\$ (7,095)
Inventories	1,494	3,216
Lease liabilities	(586)	(664)
Other receivables	4	(1)
Prepaid expenses and deposits	964	836
Trade payables	(8,789)	(2,993)
Accrued liabilities	6,555	3,431
Other assets, net of other liabilities	(262)	(20)
	<u>\$ (4,209)</u>	<u>\$ (3,290)</u>

The Company paid income taxes of \$0 for the three months ended March 31, 2025 and 2024.

The Company paid interest expense of \$794 and \$1,062 for the three months ended March 31, 2025 and 2024, respectively.

14. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date the condensed consolidated financial statements were available to be issued.

On April 10, 2025, the Company entered into the A&R Credit Agreement with FCC as the lender, which amended and restated the terms of the FCC Term Loan. Among other things, the A&R Credit Agreement (i) adds the Company as a new borrower, (ii) adds VF Clean Energy, Inc. as a new guarantor, and (iii) provides more favorable financial covenants.

On April 17, 2025, the Company entered into a secured credit facility with a Canadian chartered bank as administrative agent with an aggregate borrowing capacity of C\$37.4 million, consisting of the Pure Sunfarms Secured Credit Facilities (Note 6). The Pure Sunfarms Secured Credit Facilities are secured by the Delta 2 and Delta 3 greenhouse facilities. The Pure Sunfarms Secured Credit Facilities were used to replace, and repay remaining outstanding balances on, the Company's (i) Pure Sunfarms Term Loan, (ii) the Pure Sunfarms Non-Revolving Credit Facility, (iii) the BDC Facility, (iv) and the PSF Revolving Line of Credit. The credit and guarantee agreements related to the Pure Sunfarms Loan, the Pure Sunfarms Non-Revolving Credit Facility, the BDC Facility, and the PSF Revolving Line of Credit were terminated.

On April 22, 2025, the Company received a favorable settlement of approximately \$4.4 million, net of transaction costs, relating to the partial recovery of historical operational losses due to the Tomato Brown Rugose Fruit Virus infestation.

On May 12, 2025, the Company entered into a definitive framework agreement with a newly-formed holding company ("Vanguard"), backed by private investment firms, to privatize certain assets and operations of its Fresh Produce segment. The transaction will create a new, privately held joint venture with Village Farms as a minority owner. Village Farms is expected to receive \$40 million in cash proceeds, as well as a 37.9% equity ownership interest in Vanguard upon closing of the transaction, which is expected to occur during the second quarter of 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2024 (our "Annual Report on Form 10-K"). This discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future. Forward-looking statements are based on assumptions and estimates that are inherently subject to significant risks and uncertainties, and our actual results could differ materially from the results anticipated by our forward-looking statements. We encourage you to review the risks and uncertainties described in "Risk Factors" in Part I, Item 1A in our Annual Report on Form 10-K, and in Part II, Item 1A of this Quarterly Report. These risks and uncertainties could cause actual results to differ materially from those projected or implied by our forward-looking statements contained in this report. These forward-looking statements are made as of the date of this management's discussion and analysis, and we do not intend, and do not assume any obligation, to update these forward-looking statements, except as required by law.

EXECUTIVE OVERVIEW

Village Farms International, Inc. ("VFF", together with its subsidiaries, the "Company", "Village Farms", "we" "us" or "our") is a corporation existing under the Business Corporations Act (Ontario). The Company's principal operating subsidiaries are Village Farms Canada Limited Partnership ("VFCLP"), Village Farms L.P. ("VFLP"), Pure Sunfarms Corp. ("Pure Sunfarms" or "PSF"), Balanced Health Botanicals, LLC ("Balanced Health"), Rose LifeScience Inc. ("Rose LifeScience" or "Rose"), VF Clean Energy, Inc. ("VFCE"), and Leli Holland B. V. ("Leli" or "Leli Holland").

The Company's vision is to be recognized as an international leader in consumer products developed from plants, whereby we produce and market value-added products that are consistently preferred by consumers. To do so, we leverage decades of cultivation expertise, investment, and experience in fresh produce into branded and wholesale cannabis products within markets with legally permissible opportunities.

In Canada, we converted two produce facilities to grow cannabis for the Canadian legal adult use (recreational) market. Our focus for our Canadian Cannabis segment is to produce high quality cannabis, leveraging our low-cost production to provide preferred products at an attractive price that address the preferred consumer segments in the market. This market positioning, combined with our cultivation expertise, has enabled us to evolve into the top-five best-selling producer nationally and one of the few Canadian licensed producers with consistently strong operating results.

Additionally, through organic growth, exports and/or acquisitions, we have a strategy to participate in other international markets where cannabis attains legal status. In September 2021, our Canadian Cannabis business began exporting cannabis products to Australia for that country's medical market. In March 2022, our Canadian Cannabis business received European Union Good Manufacturing Practice ("EU GMP") certification for Pure Sunfarms' 1.1 million square foot Delta 3 cannabis facility located in Delta, British Columbia ("B.C.") which permits Pure Sunfarms to export EU GMP-certified medical cannabis to importers and distributors in international markets that require EU GMP certification. In late 2022, Pure Sunfarms commenced exports to Israel, in 2023 Pure Sunfarms began exporting cannabis products to Germany and the United Kingdom for the medical markets in those countries, and in 2025 it began exporting cannabis products to New Zealand. As a result of the typically higher margins in international medical markets, we expect international expansion to enhance our profitability while expanding our brand and experience into emerging legal cannabis markets.

During the fourth quarter of 2024, we completed our acquisition of Leli Holland. Through our ownership of Leli Holland, we hold one of ten licenses to cultivate and distribute cannabis legally in the Netherlands under that country's Controlled Cannabis Supply Chain Experiment, with sales beginning in the first quarter of 2025.

In the U.S., Balanced Health is our industry-leading cannabinoid business, extending our portfolio into cannabidiol ("CBD") and hemp-derived consumer products.

We also operate a large, well-established, produce business (primarily tomatoes) under the Village Farms Fresh ("VF Fresh") brand which sells to food distribution companies and mass retail stores. We own and operate produce cultivation assets in Texas and Delta, B.C. and source produce from our growing partners, in Mexico and Canada.

Our intention is to use our assets, expertise and experience (across cannabis, hemp, CBD and produce ecosystems) to participate in the U.S. Cannabis market subject to compliance with applicable U.S. federal and state laws and applicable stock exchange rules.

Our Operating Segments

Canadian Cannabis Segment

Our Canadian Cannabis segment includes wholly owned Pure Sunfarms and an 80% ownership interest in Rose LifeScience.

Pure Sunfarms is one of the single largest cannabis growing operations in the world, one of the lowest-cost greenhouse producers and one of the leading flower brands in Canada. Pure Sunfarms leverages our 30 years of experience as a vertically integrated greenhouse grower for cannabis growth opportunities in Canada with commercial distribution in all Canadian provinces and territories. Our long-term objective for Pure Sunfarms is to be the leading low-cost, high-quality cannabis producer in Canada.

Rose is one of the top-selling licensed producers of cannabis in the Province of Quebec, as well as a prominent cannabis products commercialization expert in Quebec, acting as the exclusive, direct-to-retail sales, marketing and distribution entity for some of the best-known brands in Canada, as well as Quebec-based micro and craft growers.

Our long-term objective for our Canadian Cannabis segment is to garner and sustain a leading retail market share in Canada, as well as a leading exporter of medicinal cannabis, stemming from our position as a leading low-cost, high-quality cannabis producer in Canada and expand our Canadian success into growing international cannabis markets across the globe by becoming a leading exporter of medicinal cannabis.

Netherlands Cannabis Segment (Leli Holland)

Our Netherlands Cannabis operating segment is comprised of wholly owned subsidiary, Leli Holland. Through Leli, we hold one of ten licenses to cultivate and distribute recreational cannabis legally in the Netherlands under that country's Closed Supply Chain Experiment program, with sales commencing in February 2025.

U.S. Cannabis Segment

Our U.S. Cannabis segment includes wholly owned subsidiary, Balanced Health.

Balanced Health is one of the leading cannabinoid brands and e-commerce platforms in the United States. Balanced Health develops and sells high-quality CBD and hemp-based health and wellness products, distributing its diverse portfolio of consumer products through its top-ranked e-commerce platform, CBDistillery™.

Produce Segment

Our Produce segment is composed of VF Fresh, which currently consists of VF LP and VF CLP.

Through VF Fresh, we grow, market and distribute premium-quality, greenhouse-grown produce in North America. These premium products are grown in sophisticated, highly intensive agricultural greenhouse facilities located in British Columbia and Texas. We also market and distribute premium tomatoes, peppers and cucumbers produced under exclusive and non-exclusive arrangements from our greenhouse supply partners located in Mexico, B.C. and Ontario. We primarily market and distribute under our Village Farms® brand name to retail supermarkets and dedicated fresh food distribution companies throughout the United States and Canada.

Clean Energy Segment

Our Clean Energy segment is comprised of wholly owned subsidiary, VF Clean Energy Inc.

VFCE, which has partnered with Terreva Renewables (formerly Mas Energy) for the Delta RNG Project based on VFCE's 20-year contract (including a five-year option to extend) with the City of Vancouver to capture landfill gas at the Delta, B.C. landfill site (the "Delta RNG Project"). The Delta RNG Project, which commenced operations in 2024, converts VFCE's landfill gas into high-demand renewable natural gas ("RNG") through a state-of-the-art facility. Terreva Renewables sells the renewable natural gas and VFCE receives a portion of the revenue in the form of a royalty.

Recent Developments and Updates

Canadian Cannabis

- Maintained top three overall market share in Canada¹ and number two position in dried flower during the first quarter despite planned reductions in sales of lower margin branded products;
- Returned to the high end of its targeted gross margin range of 30-40% and delivered its highest quarter of adjusted EBITDA performance in three years; and
- Subsequent to quarter end, refinanced its syndicated Pure Sunfarms Term Loans, consolidating its three previous loans into one credit facility with two of its existing lenders. The new Canadian cannabis credit facility carries a variable interest rate that is currently below 8.0 percent, reflecting a 50 basis point improvement to the previous interest rate, as well as improved financial covenants and a maturity date of February 7, 2028, replacing its previous credit facilities maturing on February 7, 2026.

1. For the first quarter of 2025. Based on estimated retail sales from HiFyre, other third parties and provincial boards.

International Medical Cannabis (Reported Within Canadian Cannabis)

- International sales increased 285% year-over-year in the first quarter with continued growth in shipment volumes to Australia, Germany and the United Kingdom;
- Continue to hold leading cultivars in the German market through third-party distributors¹;
- During the first quarter, expanded international medical cannabis distribution to New Zealand through a supply agreement with Medleaf Therapeutics, an established New Zealand-based medical cannabis company with a comprehensive distribution network; and
- The Company continues to expect that international medical export sales will triple in fiscal year 2025, as compared to fiscal year 2024.

1. Based on rankings compiled by German outlet Flowzz

Netherlands Cannabis (Leli Holland)

- Commenced sales to Dutch coffeeshops in February 2025, consistent with the Company's previously-disclosed timeline; and,
- Broke ground on a Phase II indoor cultivation facility in the town of Groningen. The Phase II facility is expected to be complete in Q1 2026 and quintuple annual production capacity.

U.S. Cannabis

- Balanced Health Botanicals' CBDistillery™ announced that its full range of hemp-derived gummies are now manufactured in-house at its GMP-certified facility south of Denver, Colorado. Internalization of manufacturing is expected to enable greater innovation, operational flexibility, and inventory control in the future; and,
- The Company's application for a Texas medicinal marijuana license remains pending review by the Department of Public Services. If awarded, the Company plans to work with its listing authority to structure an acceptable ownership structure and comply with all applicable regulatory requirements.

VF Fresh (Produce)

- Subsequent to quarter end, announced a transformative transaction to privatize certain assets and operations of its Fresh Produce segment. Under the terms of the agreement, the Company will privatize Produce segment operations, including its Marfa II and Fort Davis greenhouses, and all of its produce distribution centers, through a series of asset and lease transfers, for total consideration of \$40 million and a 37.9% equity ownership interest in Vanguard Food LP, a new, private-equity-backed joint venture with private investment firms including Sweat Equities.
- Vanguard is expected to be backstopped by additional capital commitments to execute a M&A roll-up strategy of other produce brands and assets in North America. The transaction is expected to close during the second quarter of 2025.
- Village Farms will retain ownership of all its Canadian greenhouse assets, and Texas-based Marfa I and Monahans greenhouse assets for potential future cannabis market optionality.

Corporate

- Appointed Yvonne Trupiano, who has led human resources functions for public and private companies across various industries and sizes, with the majority of her career at Fortune 500 global companies, as Executive Vice President and Global Chief Human Resources Officer;
- Subsequent to quarter end, the Nasdaq approved the Company's request for a 180-calendar day extension (the "Extension") to regain compliance with the minimum closing bid price of US\$1.00 per share listing requirement (NASDAQ Listing Rule 5550(a)(2)). As a result of the Extension, the Company now has until October 13, 2025 to regain compliance with the Minimum Bid Requirement; and
- Subsequent to quarter end, the Company amended its loan with Farm Credit Canada ("FCC Loan") to among other things, replace the fixed charge ratio covenant with a more favorable liquidity coverage ratio covenant. This amendment was a result of the Company's considerable expansion and growth of Village Farms' business since entering into the original credit agreement in 2013, as well a recognition of the Company's stronger strategic focus on its growing cannabis business.

Presentation of Financial Results

Our consolidated results of operations for the three months ended March 31, 2025 and 2024 presented below reflect the operations of our consolidated wholly-owned subsidiaries, our 70% ownership interest in Rose LifeScience through March 31, 2024, our 80% ownership interest in Rose LifeScience beginning on April 1, 2024, our 85% ownership interest in Leli through September 22, 2024, and our 100% ownership interest in Leli beginning on September 23, 2024.

Foreign currency exchange rates

All currency amounts in this Quarterly Report are stated in U.S. dollars, which is our reporting currency, unless otherwise noted. All references to “dollars” or “\$” are to U.S. dollars. The assets and liabilities of our foreign operations are translated into dollars at the exchange rate in effect as of March 31, 2025, March 31, 2024, and December 31, 2024. Transactions affecting the shareholders’ equity (deficit) are translated at historical foreign exchange rates. The condensed consolidated statements of operations and comprehensive income (loss) and condensed consolidated statements of cash flows of our foreign operations are translated into dollars by applying the average foreign exchange rate in effect for the reporting period.

The exchange rates used to translate from Canadian dollars to U.S. dollars is shown below:

	As of		
	March 31, 2025	March 31, 2024	December 31, 2024
Spot rate	0.6966	0.7383	0.6957
Three-month period ended	0.6965	0.7417	N/A

RESULTS OF OPERATIONS

Consolidated Financial Performance

(In thousands of U.S. dollars, except per share amounts, and unless otherwise noted)

	Three Months Ended March 31,			
	2025		2024	
Sales	\$	77,074	\$	78,077
Cost of sales		(65,734)		(62,564)
Gross profit		11,340		15,513
Selling, general and administrative expenses		(16,779)		(16,387)
Interest expense		(706)		(917)
Interest income		75		206
Foreign exchange loss		(84)		(878)
Other income		22		104
Loss before taxes		(6,132)		(2,359)
Provision for income taxes		(983)		(320)
Loss including non-controlling interests		(7,115)		(2,679)
Less: net loss (income) attributable to non-controlling interests, net of tax		412		(173)
Net loss attributable to Village Farms International Inc. shareholders	\$	(6,703)	\$	(2,852)
Adjusted EBITDA ⁽¹⁾	\$	81	\$	3,591
Basic loss per share	\$	(0.06)	\$	(0.03)
Diluted loss per share	\$	(0.06)	\$	(0.03)

- (1) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company’s 70% interest in Rose LifeScience through March 31, 2024, 80% interest in Rose LifeScience beginning on April 1, 2024, 85% interest in Leli through September 22, 2024, and our 100% interest in Leli beginning on September 23, 2024.

We caution that our results of operations for the three months ended March 31, 2025 and 2024 may not be indicative of our future performance.

Discussion of Financial Results

A discussion of our consolidated results for the three months ended March 31, 2025 and 2024 is included below. The consolidated results include all five of our operating segments: Produce, Canadian Cannabis, U. S. Cannabis, Cannabis Netherlands, and Clean Energy, along with public company expenses. For a discussion of our segmented results, please see “Segmented Results of Operations” below.

CONSOLIDATED RESULTS

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Sales

Sales for the three months ended March 31, 2025 were \$77,074 compared with \$78,077 for the three months ended March 31, 2024. The decrease of \$1,003, or 1%, was primarily due to a decrease in Canadian Cannabis sales of \$2,609 resulting from an unfavorable impact of exchange rate fluctuations, and a decrease in U.S. Cannabis sales of \$633, partially offset by an increase in VF Fresh sales of \$1,327. For additional information, refer to “Segmented Results of Operations” below.

Cost of Sales

Cost of sales for the three months ended March 31, 2025 were \$65,734 compared with \$62,564 for the three months ended March 31, 2024. The increase of \$3,170, or 5%, was primarily due to an increase in VF Fresh cost of sales of \$8,919, partially offset by a decrease in both Canadian Cannabis cost of sales of \$5,576 and U.S. Cannabis cost of sales of \$531. For additional information, refer to “Segmented Results of Operations” below.

Gross Profit

Gross profit for the three months ended March 31, 2025 was \$11,340 compared with \$15,513 for the three months ended March 31, 2024. The decrease of \$4,173, or 27%, was primarily due to a decrease in gross profit at VF Fresh of \$7,592, partially offset by an increase in gross profit at Canadian Cannabis of \$2,967. For additional information, refer to “Segmented Results of Operations” below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended March 31, 2025 were \$16,779 (22% of sales) compared with \$16,387 (21% of sales) for the three months ended March 31, 2024. The increase of \$392, or 2%, was primarily due to an increase in operating expenses for Canadian Cannabis of \$1,058 and VF Fresh of \$182, partially offset by a decrease in U.S. Cannabis operating expenses of \$871. For additional information, refer to “Segmented Results of Operations” below.

	For the Three Months Ended March 31,	
	2025	2024
Selling, general and administrative expenses	\$ 16,634	\$ 15,982
Share-based compensation	145	405
Total selling, general and administrative expenses	\$ 16,779	\$ 16,387

Interest Expense

Interest expense for the three months ended March 31, 2025 was \$706 compared with \$917 for the three months ended March 31, 2024. The decrease of \$211, or 23%, was due to a decrease in the overall borrowing base and a decrease in the Company's interest rates on its various debt instruments.

Interest Income

Interest income for the three months ended March 31, 2025 and was \$75 compared with \$206 for the three months ended March 31, 2024.

Other Income

Other income for the three months ended March 31, 2025 was \$22 compared with \$104 for the three months ended March 31, 2024.

Loss Before Taxes

Loss before taxes for the three months ended March 31, 2025 was (\$6,132) compared with (\$2,359) for the three months ended March 31, 2024. The increase of \$3,773 was primarily due to the lower gross margins in VF Fresh, partially offset by the improved margins on Canadian Cannabis.

Net Loss Attributable to Village Farms International, Inc. Shareholders

Net loss attributable to Village Farms International, Inc. shareholders for the three months ended March 31, 2025 was (\$6,703) compared with (\$2,852) for the three months ended March 31, 2024. The decrease of \$3,851 was primarily due to lower gross margins in VF Fresh and higher selling, general, and administrative expenses in Canadian Cannabis, partially offset by the improved margins on Canadian Cannabis.

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2025 was \$81 compared with \$3,591 for the three months ended March 31, 2024. The change was mainly driven by decreased profitability of VF Fresh offset by improved margins on Canadian Cannabis. For additional information, refer to the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

SEGMENTED RESULTS OF OPERATIONS

(In thousands of U.S. dollars, except per share amounts, and unless otherwise noted)

For The Three Months Ended March 31, 2025							
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Corporate	Total
Sales	\$ 37,421	\$ 34,837	\$ 3,904	\$ 426	\$ 486	\$ —	\$ 77,074
Cost of sales	(41,703)	(22,362)	(1,311)	(73)	(285)	—	(65,734)
Selling, general and administrative expenses	(2,875)	(8,762)	(2,535)	(28)	(439)	(2,140)	(16,779)
Other (expense) income, net	(531)	(202)	—	—	—	40	(693)
Operating (loss) income	(7,688)	3,511	58	325	(238)	(2,100)	(6,132)
Provision for income taxes	(69)	(891)	—	—	(4)	(19)	(983)
(Loss) income from consolidated entities	(7,757)	2,620	58	325	(242)	(2,119)	(7,115)
Less: net loss attributable to non-controlling interests, net of tax	—	412	—	—	—	—	412
Net (loss) income	\$ (7,757)	\$ 3,032	\$ 58	\$ 325	\$ (242)	\$ (2,119)	\$ (6,703)
Adjusted EBITDA ⁽¹⁾	\$ (5,122)	\$ 6,698	\$ 114	\$ 325	\$ 77	\$ (2,011)	\$ 81
Basic (loss) income per share	\$ (0.07)	\$ 0.03	\$ 0.00	\$ 0.00	\$ (0.00)	\$ (0.02)	\$ (0.06)
Diluted (loss) income per share	\$ (0.07)	\$ 0.03	\$ 0.00	\$ 0.00	\$ (0.00)	\$ (0.02)	\$ (0.06)

For The Three Months Ended March 31, 2024							
	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Corporate	Total
Sales	\$ 36,094	\$ 37,446	\$ 4,537	\$ —	\$ —	\$ —	\$ 78,077
Cost of sales	(32,784)	(27,938)	(1,842)	—	—	—	(62,564)
Selling, general and administrative expenses	(2,693)	(7,704)	(3,406)	(20)	(363)	(2,201)	(16,387)
Other expense, net	(503)	(401)	—	—	—	(581)	(1,485)
Operating income (loss)	114	1,403	(711)	(20)	(363)	(2,782)	(2,359)
(Provision for) recovery of income taxes	—	(329)	—	—	—	9	(320)
Income (loss) from consolidated entities	114	1,074	(711)	(20)	(363)	(2,773)	(2,679)
Less: net (income) loss attributable to non-controlling interests, net of tax	—	(227)	—	—	54	—	(173)
Net income (loss)	\$ 114	\$ 847	\$ (711)	\$ (20)	\$ (309)	\$ (2,773)	\$ (2,852)
Adjusted EBITDA ⁽¹⁾	\$ 2,028	\$ 4,073	\$ (615)	\$ (20)	\$ (42)	\$ (1,833)	\$ 3,591
Basic income (loss) per share	\$ 0.00	\$ 0.01	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.03)
Diluted income (loss) per share	\$ 0.00	\$ 0.01	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.03)

- (1) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect our business performance. Adjusted EBITDA includes the Company’s 70% interest in Rose LifeScience through March 31, 2024, 80% interest in Rose LifeScience beginning on April 1, 2024, 85% interest in Leli through September 22, 2024, and our 100% interest in Leli beginning on September 23, 2024.

CANADIAN CANNABIS SEGMENT RESULTS

The Canadian Cannabis segment consists of Pure Sunfarms and Rose LifeScience. The comparative analysis for Canadian Cannabis is based on the consolidated results of Pure Sunfarms and our interest in Rose LifeScience for the three months ended March 31, 2025 and 2024. Beginning on April 1, 2024, our interest in Rose LifeScience increased from 70% to 80%, which is reflected in the results presented below.

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Sales

Canadian Cannabis net sales for the three months ended March 31, 2025 were \$34,837 compared with \$37,446 for the three months ended March 31, 2024. The decrease of \$2,609, or 7%, was primarily driven by unfavorable exchange rate fluctuations of

approximately \$2,258 and a decrease in net branded sales, reflecting a planned shift away from value-based product offerings, which was partially offset by an increase in international sales of 259%, primarily driven by continued strength in export volumes to Germany.

Canadian Cannabis continues to pay a burdensome excise tax on its branded sales (sales to provincial distributors). For the three months ended March 31, 2025, the Company incurred excise duties of \$13,937 (C\$20,016), or 38% of gross branded sales, compared with \$19,703 (C\$26,565), or 40% of gross branded sales, for the three months ended March 31, 2024. The decrease of \$5,766 (C\$6,259), or 29%, was due to a decrease in kilograms sold in the branded channel and the impact of exchange rate fluctuations. The Canadian excise duty is our single largest cost of participating in the branded adult-use market in Canada.

For the three months ended March 31, 2025, 65% of net sales were generated from branded flower, pre-rolls and cannabis derivative products compared with 77% for the three months ended March 31, 2024. Non-branded, international, and other sales accounted for 35% of Canadian Cannabis net sales for the three months ended March 31, 2025, as compared with 23% for the three months ended March 31, 2024.

The net average selling price of branded flower and pre-roll formats increased in 2025 compared to 2024. Excluding pre-roll formats, the average net selling price of branded flower increased by 11% in 2025 due to a lower ratio of sales for our value brand Fraser Valley Weed Co. The net average selling price of bulk non-branded flower increased by 33% and bulk trim increased by 43% in 2025, largely due to an increase in the market price, as well as a reduced need to move aged flower inventory compared to 2024.

The following table presents sales by Canadian Cannabis revenue stream, together with the impact of the excise tax, in U.S. dollars and Canadian dollars, for the three months ended March 31, 2025 and 2024:

(in thousands of U.S. dollars)	For the Three Months Ended March 31,	
	2025	2024
Branded sales	\$ 36,698	\$ 48,723
Non-branded sales	6,279	6,478
International sales	5,388	1,499
Other	409	449
Less: excise taxes	(13,937)	(19,703)
Net Sales	\$ 34,837	\$ 37,446

(in thousands of Canadian dollars)	For the Three Months Ended March 31,	
	2025	2024
Branded sales	\$ 52,685	\$ 65,692
Non-branded sales	9,009	8,734
International sales	7,735	2,021
Other	587	617
Less: excise taxes	(20,016)	(26,565)
Net Sales	\$ 50,000	\$ 50,499

Cost of Sales

Canadian Cannabis cost of sales for the three months ended March 31, 2025 was \$22,362 compared with \$27,938 for the three months ended March 31, 2024. The decrease of \$5,576, or 20%, was primarily due to a decrease in volume (kilograms) packaged and sold of our branded and non-branded products and the impact of exchange rate fluctuations.

Gross Profit

Canadian Cannabis gross profit for the three months ended March 31, 2025 was \$12,475, a 31% increase compared to \$9,508 for the three months ended March 31, 2024. Canadian Cannabis gross margin for the three months ended March 31, 2025 was 36% compared with 25% for the three months ended March 31, 2024. The increase in gross margin was due to higher sales volume of international and non-brand flower, as well as lower sales of value brands within the branded sales category.

Selling, General and Administrative Expenses

Canadian Cannabis selling, general and administrative expenses for the three months ended March 31, 2025 were \$8,762, or 25%, of sales compared with \$7,704, or 21%, of sales for the three months ended March 31, 2024. The increase of \$1,058 was primarily due to higher commercial and marketing expenses and incremental integration costs.

Net Income

Canadian Cannabis net income for the three months ended March 31, 2025 was \$3,032 compared with net income of \$847 for the three months ended March 31, 2024. The increase in net income was primarily due to the improved margins, partially offset by an increase in the tax provision expense of \$562 and an increase in selling, general and administrative expenses.

Adjusted EBITDA

Adjusted EBITDA for Canadian Cannabis for the three months ended March 31, 2025 was \$6,698 compared with \$4,073 for the three months ended March 31, 2024. The increase of \$2,695, or 64%, between periods was primarily due to improved margins in the Canadian Cannabis segment. For additional information, refer to the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

U.S. CANNABIS SEGMENT RESULTS

The U.S. Cannabis segment consists of Balanced Health. For the three months ended March 31, 2025 and 2024, U.S. Cannabis financial results are based on the results of Balanced Health.

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Sales

U.S. Cannabis net sales for the three months ended March 31, 2025 was \$3,904 compared with \$4,537 for the three months ended March 31, 2024. The decrease of \$633, or 14%, was primarily due to new restrictions on CBD sales in an additional eight states beginning July 1, 2024 and lower direct-to-consumer sales resulting from the proliferation of unregulated hemp-derived products on the market. All U.S. Cannabis sales were generated in the United States, with gross sales composed of 94% e-commerce sales and 6% retail sales.

Cost of Sales

U.S. Cannabis cost of sales for the three months ended March 31, 2025 was \$1,311 compared with \$1,842 for the three months ended March 31, 2024. The decrease of \$531, or 29%, was primarily due to cost efficiencies from the internalization of our gummy manufacturing and lower sales.

Gross Profit

U.S. Cannabis gross profit for the three months ended March 31, 2025 decreased \$102, or 4%, to \$2,593, or a 66% gross margin, compared with \$2,695, or a 59% gross margin, for the three months ended March 31, 2024.

Selling, General and Administrative Expenses

U.S. Cannabis selling general and administrative expenses for the three months ended March 31, 2025 were \$2,535 compared with \$3,406 for the three months ended March 31, 2024. The decrease of \$871, or 26%, is due to more efficient marketing and brand spending and contract renegotiation.

Net Income (Loss)

U.S. Cannabis net income for the three months ended March 31, 2025 was \$58 compared with net loss of (\$711) for the three months ended March 31, 2024. The increase of \$769 was primarily due to the lower selling, general, and administrative expenses.

Adjusted EBITDA

U.S. Cannabis adjusted EBITDA for the three months ended March 31, 2025 was \$114 compared with (\$615) for the three months ended March 31, 2024. The improvement of \$729 was primarily due to the lower selling, general, and administrative expenses. For additional information, refer to the reconciliation of Adjusted EBITDA to net (loss) income in “Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA”.

NETHERLANDS CANNABIS SEGMENT RESULTS

The Netherlands Cannabis segment consists of Leli Holland. Leli Holland commenced sales during the first quarter of 2025. Leli Holland was not operational during the comparable quarter of 2024 and, as a result, comparative financial performance to the prior-year quarter is not meaningful.

Sales

Net sales for the three months ended March 31, 2025 was \$486.

Cost of Sales

Cost of sales for the three months ended March 31, 2025 was \$285.

Selling, General and Administrative Expenses

Selling General and Administrative Expenses for the three months ended March 31, 2025 was \$439.

Gross Profit

Gross profit for the three months ended March 31, 2025 was \$201, or a 41% gross margin.

Net Loss

Net loss for the three months ended March 31, 2025 was \$242.

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2025 was \$77.

PRODUCE SEGMENT RESULTS – VF FRESH

The produce segment, VF Fresh, consists of VF LP and VF CLP. VF Fresh's comparative analysis are based on the consolidated results of VF LP and VF CLP for the three months ended March 31, 2025 and 2024.

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024

Sales

VF Fresh sales for the three months ended March 31, 2025 were \$37,421 compared with \$36,094 for the three months ended March 31, 2024. The increase of \$1,327, or 4%, was primarily due to a 39% increase in volume from supply partners. This was partially offset by a lower average selling price due to weaker market prices.

The average selling price for all produce sold during the three months ended March 31, 2025 compared with the three months ended March 31, 2024 was as follows: tomatoes changed (15%), peppers changed (34%), cucumbers changed (9%), and mini cucumbers changed (1%).

Cost of Sales

VF Fresh cost of sales for the three months ended March 31, 2025 increased by \$8,919, or 27%, to \$41,703 compared with \$32,784 for the three months ended March 31, 2024. The increase was primarily due to an increase from Company-owned greenhouses of \$4,306, an increase from supply partners of \$3,565, and an increase in freight expense of \$1,048. The increase in VF Fresh-owned greenhouses cost of sales was due to a negative impact to the overall crop resulting from dust storms that occurred in March 2025, the increase in supply partner costs were due to higher spot price contract commitments, and the increased freight costs were due to the increase in product volume.

Gross (Loss) Profit

VF Fresh gross loss for the three months ended March 31, 2025 was (\$4,282) compared with a gross profit of \$3,310 for the three months ended March 31, 2024. Gross margin for the three months ended March 31, 2025 was (11%) compared with 9% for the three months ended March 31, 2024. The decreases in both gross profit and gross margin percentage were due to the increase in cost of sales at the Company-owned greenhouses and lower margins on supply partner volumes, whereas during the prior year, the decreases in both gross profit and gross margin percentage were due to unfavorable market prices.

Selling, General and Administrative Expenses

VF Fresh selling, general and administrative expenses for the three months ended March 31, 2025 increased by \$182, or 7%, to \$2,875 (8% of sales) compared with \$2,693 (7% of sales) for the three months ended March 31, 2024.

Net (Loss) Income

VF Fresh net loss for the three months ended March 31, 2025 was (\$7,757) compared with a net income of \$114 for the three months ended March 31, 2024. The decrease of \$7,871 was primarily due to a lower gross margin.

Adjusted EBITDA

VF Fresh Adjusted EBITDA for the three months ended March 31, 2025 was (\$5,122) compared with \$2,028 for the three months ended March 31, 2024. The decrease of \$7,150 in Adjusted EBITDA was primarily due to a lower gross margin for the reasons described above. For additional information, refer to the reconciliation of Adjusted EBITDA to net (loss) income in "Non-GAAP Measures—Reconciliation of Net Loss to Adjusted EBITDA".

Liquidity and Capital Resources

Capital Resources

At March 31, 2025, cash and cash equivalents were \$15,125 and working capital was \$50,313, compared with cash and cash equivalents of \$24,631 and working capital of \$53,800 at December 31, 2024. We believe that our existing cash, cash generated from our operating activities and the availability under our Operating Loan and Pure Sunfarms Loans (each as defined below), will provide us with sufficient liquidity to meet our working capital needs, repayments of our long-term debt and future contractual obligations and fund our planned capital expenditures for the next 12 months. An additional potential source of liquidity is access to capital markets for additional equity or debt financing. We intend to use our cash on hand for daily operational funding requirements.

<i>(in thousands of U.S. dollars unless otherwise noted)</i>	Maximum Availability	Outstanding as of March 31, 2025
Operating Loan	\$ 7,844	\$ 5,000
FCC Term Loan	\$ 20,329	\$ 20,329
Pure Sunfarms Loans	\$ 18,874	\$ 18,874
Pure Sunfarms Revolving Line of Credit	C\$ 15,000	\$ —

The Company is required to comply with financial covenants. At December 31, 2024, the Company was not in compliance with financial covenants related to the fixed charge coverage ratio under the FCC Term Loan (as defined below) and the PSF Term Loan (as defined below), for which the Company received waivers. The covenants were reinstated at the end of the first quarter for the PSF Term Loan and at the end of the fiscal year for the FCC Term Loan. On April 10, 2025, the Company entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement") with FCC as the lender, which amended and restated the FCC Term Loan. Among other things, the A&R Credit Agreement replaced the current financial covenants with more favorable financial covenants. Under the Pure Sunfarms Secured Credit Facilities entered into on April 17, 2025, the Company is also required to maintain certain financial covenants. We can provide no assurance that we will be in compliance, or receive a waiver, for any non-compliance of the financial covenants. See "Risk Factors—Business and Operational Risk Factors—We are subject to restrictive covenants under our Credit Facilities" in our most recently filed Annual Report on Form 10-K.

Accrued interest payable on the Credit Facilities and Pure Sunfarms Loans as of March 31, 2025 and December 31, 2024 was \$353 and \$271, respectively. These amounts are included in accrued liabilities in the accompanying Condensed Consolidated Statements of Financial Position.

FCC Term Loan

The Company has a term loan financing agreement with Farm Credit Canada ("FCC"), a Canadian creditor (the "FCC Term Loan"). The non-revolving variable rate term loan has a maturity date of May 3, 2027 and a balance of \$20,329 on March 31, 2025 and \$20,821 on December 31, 2024. The outstanding balance is repayable by way of monthly installments of principal and interest, with the balance and any accrued interest to be paid in full on May 3, 2027. As of March 31, 2025 and December 31, 2024, borrowings under the FCC Term Loan agreement were subject to an interest rate of 7.87% and 8.12% per annum, respectively.

As collateral for the FCC Term Loan, the Company has provided promissory notes, a first mortgage on the VFF-owned Delta 1 and Texas greenhouse facilities, and general security agreements over its assets. In addition, the Company has provided full recourse guarantees and has granted security interests in respect of the FCC Term Loan. The carrying value of the assets and securities pledged as collateral as of March 31, 2025 and December 31, 2024 was \$69,613 and \$77,682, respectively.

On April 10, 2025, the Company entered into the A&R Credit Agreement with respect to the FCC Term Loan. Among other things, the A&R Credit Agreement (i) adds the Company as a new borrower, (ii) adds VF Clean Energy, Inc. as a new guarantor, and (iii) replaces the fixed charged ratio covenant with a more favorable liquidity ratio covenant.

Operating Loan

The Company has a revolving line of credit agreement with Bank of Montreal (the "Operating Loan").

On May 24, 2024, the Company entered into an amendment to the Operating Loan, which extended the maturity date of the Operating Loan to May 24, 2027.

The Operating Loan is subject to margin requirements stipulated by the lender. The Operating Loan had an outstanding balance of \$5,000 and future availability of \$2,844 on March 31, 2025.

As collateral for the Operating Loan, the Company has provided promissory notes and a first priority security interest over its accounts receivable and inventory. In addition, the Company has granted full recourse guarantees and security therein. The carrying value of the assets pledged as collateral as of March 31, 2025 and December 31, 2024 was \$23,755 and \$27,136, respectively.

Pure Sunfarms Loans

As of March 31, 2025, Pure Sunfarms had a credit facility with the Business Development Bank of Canada (the "BDC Facility"), a non-revolving credit facility (the "PSF Non-Revolving Facility") and a term loan (the "PSF Term Loan") with two Canadian chartered banks (collectively, with the BDC Facility, the PSF Non-Revolving Facility, and the PSF Term Loan the "Pure Sunfarms Loans"). In addition, Pure Sunfarms has a revolving line of credit (the "PSF Revolving Line of Credit") with a Canadian chartered bank. As described below, on April 17, 2025, Pure Sunfarms replaced the Pure Sunfarms Loans and the PSF Revolving Line of Credit with the Pure Sunfarms Secured Credit Facilities (as defined below).

As of March 31, 2025, the PSF Revolving Line of Credit could be drawn for advances of up to C\$15,000 and had an outstanding balance of \$0 as of March 31, 2025 and December 31, 2024. Interest under the PSF Revolving Line of Credit was payable at the Canadian prime rate plus an applicable margin per annum, payable monthly.

As of March 31, 2025, the PSF Non-Revolving Facility was secured by the Delta 2 and Delta 3 greenhouse facilities and contains customary financial and restrictive covenants. As of March 31, 2025, Pure Sunfarms was in compliance with these financial covenants. The outstanding amount on the PSF Non-Revolving Facility was \$5,921 on March 31, 2025 and \$6,262 on December 31, 2024. Interest under the PSF Non-Revolving Facility was payable at the Canadian prime rate plus an applicable margin per annum, 6.95% as of March 31, 2025, payable quarterly. Amounts outstanding under the PSF Non-Revolving Facility would have matured on February 7, 2026.

The outstanding amount on the PSF Term Loan was \$10,014 on March 31, 2025 and \$10,436 on December 31, 2024. Interest under the PSF Term Loan was payable at the Canadian prime rate plus an applicable margin per annum, 6.95% as of March 31, 2025, payable quarterly. The PSF Term Loan would have matured on February 7, 2026.

The outstanding amount under the BDC Facility, a demand loan included in current liabilities was \$2,939 on March 31, 2025 and \$3,043 on December 31, 2024. Interest under the BDC Facility was payable at an interest rate of 8.70%, payable monthly, and the amount outstanding would have matured on December 31, 2031.

On April 17, 2025, the Company entered into a secured credit facility with a Canadian chartered bank as administrative agent with an aggregate borrowing capacity of C\$37.4 million, consisting of a maximum C\$10.0 million revolving credit facility (the "Pure Sunfarms Revolving Credit Facility"), and a C\$27.4 million term loan facility (the "Pure Sunfarms Term Loan Facility", and collectively with the Pure Sunfarms Revolving Credit Facility, the "Pure Sunfarms Secured Credit Facilities"). The Pure Sunfarms Secured Credit Facilities are secured by the Delta 2 and Delta 3 greenhouse facilities. The Pure Sunfarms Secured Credit Facilities will be used for working capital and other general corporate purposes, and was used to replace, and repay remaining outstanding balances on, the Company's (i) Pure Sunfarms Loans and (ii) the PSF Revolving Line of Credit. The credit and guarantee agreements related to the Pure Sunfarms Loans and the PSF Revolving Line of Credit were likewise terminated.

The Pure Sunfarms Secured Credit Facilities can be drawn for advances of up to C\$10.0 million. The outstanding amount of the Pure Sunfarms Term Loan Facility will be repayable, on a quarterly basis, in an amount equal to C\$1.0 million. Any amount remaining unpaid will be due and payable in full on the maturity date, which is on February 7, 2028.

The loans under the Pure Sunfarms Secured Credit Facilities will accrue interest at a rate equal to, at the Company's option, (a) the Canadian Prime Rate plus the applicable margin, or (b) the Canadian Overnight Repo Rate Average plus the applicable margin. The applicable margin for the Pure Sunfarms Secured Credit Facility is determined based upon the leverage ratio.

The Pure Sunfarms Secured Credit Facilities also contain customary covenants, customary representations and warranties, affirmative covenants, financial covenants and events of default.

Summary of Cash Flows

(in Thousands)	For the Three Months Ended March 31,	
	2025	2024
Cash, beginning of period	\$ 24,631	\$ 35,291
Net cash flow used in:		
Operating activities	(6,376)	(50)
Investing activities	(2,839)	(1,876)
Financing activities	(384)	(1,442)
Net cash decrease for the period	(9,599)	(3,368)
Effect of exchange rate changes on cash	93	(238)
Cash, end of the period	\$ 15,125	\$ 31,685

Operating Activities

For the three months ended March 31, 2025 and 2024, cash used in operating activities were (\$6,376) and (\$50), respectively. The operating activities for the three months ended March 31, 2025 consisted of (\$4,209) in changes in non-cash working capital items and (\$2,167) in changes before non-cash working capital items, while operating activities for the three months ended March 31, 2024 consisted of (\$3,290) in changes in non-cash working capital items and \$3,240 in changes before non-cash working capital items. The reduction when comparing the change in before non-cash working capital items for 2025 with 2024 was primarily due to a decrease in VF Fresh gross margin partially offset by improvements in Canadian Cannabis gross margin in 2025 compared with 2024.

Investing Activities

For the three months ended March 31, 2025 and 2024, cash used in investing activities were (\$2,839) and (\$1,876), respectively. The increase in investing activities for the three months ended March 31, 2025 was primarily due to capital expenditures made to support VF Fresh, Canadian Cannabis, and U.S. Cannabis operations.

Financing Activities

For the three months ended March 31, 2025 and 2024, cash used in financing activities were (\$384) and (\$1,442), respectively. For the three months ended March 31, 2025, cash (used in) provided by financing activities consisted of debt repayments of (\$1,384) and a draw of \$1,000 from the Operating Loan. For the three months ended March 31, 2024, cash flows used by financing activities consisted of debt repayments of (\$1,442).

Contractual Obligations and Commitments

We expect to meet our contractual obligations and commitments using our working capital and our other resources described under “Capital Resources” above. Other than with respect to our long-term debt described above, we currently do not have any material cash requirements in the near future.

Non-GAAP Measures

References in this Management’s Discussion and Analysis to “Adjusted EBITDA” are to earnings before interest, taxes, depreciation, and amortization (“EBITDA”), as further adjusted to exclude foreign currency exchange gains and losses, share-based compensation, gains and losses on asset sales and the other adjustments set forth in the table below. In addition, we present below “Adjusted EBITDA – Constant Currency” which excludes the effect of foreign currency rate fluctuations. See “—Constant Currency” below. Adjusted EBITDA and Adjusted EBITDA - Constant Currency are measures of operating performance that are not recognized under GAAP and do not have a standardized meaning prescribed by GAAP. Therefore, these non-GAAP measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that our non-GAAP measures should not be construed as an alternative to net income or loss determined in accordance with GAAP as an indicator of our performance. Our non-GAAP measures are used as additional measures to evaluate the operating and financial performance of our segments. Management believes that our non-GAAP measures are important measures in evaluating the historical performance of the Company because it excludes non-recurring and other items that do not reflect our business performance.

Reconciliation of Net Loss to Adjusted EBITDA

The following table reflects a reconciliation of net loss to Adjusted EBITDA, as presented by the Company:

	For the Three Months Ended March 31,	
	2025	2024
(in thousands of U.S. dollars)		
Net loss	\$ (6,703)	\$ (2,852)
Add:		
Amortization and depreciation	4,973	4,558
Foreign currency exchange (gain) loss	(18)	775
Interest expense, net	631	711
Provision for income taxes	983	320
Share-based compensation	145	405
Deferred financing fees	—	10
Other expenses	—	(35)
Adjustments attributable to non-controlling interest	70	(301)
Adjusted EBITDA ⁽¹⁾	\$ 81	\$ 3,591

- (1) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA presented for these segments may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect the underlying business performance of the Company.

Reconciliation of Segmented Net Loss to Adjusted EBITDA

The following table reflects a reconciliation of segmented net loss to Adjusted EBITDA, as presented by the Company:

For The Three Months Ended March 31, 2025

<i>(in thousands of U.S. dollars)</i>	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Corporate	Total
Net (loss) income	\$ (7,757)	\$ 3,032	\$ 58	\$ 325	\$ (242)	\$ (2,119)	\$ (6,703)
Add:							
Amortization and depreciation	1,991	2,574	49	—	315	44	4,973
Foreign currency exchange gain (loss)	48	(51)	—	—	—	(15)	(18)
Interest expense, net	514	141	—	—	—	(24)	631
Provision for income taxes	69	891	—	—	4	19	983
Share-based compensation	13	41	7	—	—	84	145
Adjustments attributable to non-controlling interest	—	70	—	—	—	—	70
Adjusted EBITDA ⁽¹⁾	\$ (5,122)	\$ 6,698	\$ 114	\$ 325	\$ 77	\$ (2,011)	\$ 81

For The Three Months Ended March 31, 2024

<i>(in thousands of U.S. dollars)</i>	VF Fresh (Produce)	Cannabis Canada	Cannabis U.S.	Clean Energy	Cannabis Netherlands	Corporate	Total
Net income (loss)	\$ 114	\$ 847	\$ (711)	\$ (20)	\$ (309)	\$ (2,773)	\$ (2,852)
Add:							
Amortization and depreciation	1,334	2,796	54	—	314	60	4,558
Foreign currency exchange gain	9	31	—	—	—	735	775
Interest expense (income), net	571	294	—	—	—	(154)	711
Provision for (recovery of) income taxes	—	329	—	—	—	(9)	320
Share-based compensation	—	55	42	—	—	308	405
Deferred financing fees	—	10	—	—	—	—	10
Other expenses	—	(35)	—	—	—	—	(35)
Adjustments attributable to non-controlling interest	—	(254)	—	—	(47)	—	(301)
Adjusted EBITDA ⁽¹⁾	\$ 2,028	\$ 4,073	\$ (615)	\$ (20)	\$ (42)	\$ (1,833)	\$ 3,591

- (1) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA presented for these segments may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA is a useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect the underlying business performance of the Company.

Adjusted EBITDA – Constant Currency

To supplement the consolidated financial statements presented in accordance with U.S. GAAP, we have presented constant currency adjusted financial measures for sales, cost of sales, selling, general and administrative, other income (expense), operating (loss) income, loss from consolidated entities, net loss, and Adjusted EBITDA for the three months ended March 31, 2025, which are considered non-GAAP financial measures. We present constant currency information to provide a framework for assessing how our underlying operations performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period income statement results in currencies other than U.S. dollars are converted into U.S. dollars using the average exchange rates from the three month comparative period in 2024 rather than the actual average exchange rates in effect during the current period. All growth comparisons relate to the corresponding period in 2024. We have provided this non-GAAP financial information to aid investors in better understanding the performance of our segments without taking into account the effect of exchange rate fluctuations. The non-GAAP financial measures presented in this Quarterly Report should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with U.S. GAAP.

The tables below set forth certain measures of consolidated results from continuing operations on a constant currency basis for the three months ended March 31, 2025 compared with the three months ended March 31, 2024 on an as reported and constant currency basis (in thousands):

	As Reported				As Adjusted for Constant Currency			
	For the Three Months Ended		As Reported Change		For the Three	Constant Currency		
	March 31,				Months Ended			
	2025	2024	\$	%	2025	\$	%	
Sales	\$ 77,074	\$ 78,077	\$ (1,003)	(1%)	\$ 79,332	\$ 1,255	2%	
Cost of sales	(65,734)	(62,564)	(3,170)	(5%)	(67,184)	(4,620)	(7%)	
Selling, general and administrative expenses	(16,779)	(16,387)	(392)	(2%)	(17,347)	(960)	(6%)	
Other expense, net	(693)	(1,485)	792	53%	(706)	779	52%	
Operating loss	(6,132)	(2,359)	(3,773)	(160%)	(5,904)	(3,545)	(150%)	
Loss including non-controlling interests	(7,115)	(2,679)	(4,436)	(166%)	(6,945)	(4,266)	(159%)	
Net loss	(6,703)	(2,852)	(3,851)	(135%)	(6,506)	(3,654)	(128%)	
Adjusted EBITDA - Constant Currency ⁽¹⁾	81	3,591	(3,510)	98%	515	(3,076)	86%	

- (1) Adjusted EBITDA - Constant Currency is not a recognized earnings measure and does not have a standardized meaning prescribed by GAAP. Therefore, Adjusted EBITDA - Constant Currency may not be comparable to similar measures presented by other issuers. Management believes that Adjusted EBITDA - Constant Currency is a useful supplemental measure in evaluating the performance of the Company because it excludes non-recurring and other items that do not reflect the underlying business performance of the Company.

Recent Accounting Pronouncements Not Yet Adopted

No accounting pronouncements recently issued or newly effective have had, or are expected to have, a material impact on the Company's condensed consolidated financial statements.

Critical Accounting Estimates and Judgments

Our discussion and analysis of our financial condition and results of operations are based upon our Unaudited Condensed Consolidated Interim Financial Statements, which have been prepared in accordance with U.S. GAAP and are included in Part I of this Quarterly Report on Form 10-Q. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, sales and expenses and related disclosure of contingent assets and liabilities.

As described in Note 5, Goodwill and Intangible Assets, in our Unaudited Condensed Consolidated Interim Financial Statements included in Part 1 of this Quarterly Report on Form 10-Q, during the three months ended March 31, 2025 and 2024, the Company considered qualitative factors in assessing for impairment indicators for the Company's U.S. and Canadian Cannabis segments. As part of this assessment, the Company considered both external and internal factors, including overall financial performance and outlook. At March 31, 2025, the Company concluded that no impairment indicators existed as no events or circumstances occurred that would, more likely than not, reduce the fair value of the goodwill and intangible assets for its reporting units to be below their carrying amounts. At March 31, 2025, the carrying value of goodwill associated with our Cannabis – Canada segment was \$42.4 million and the carrying value of intangible assets associated with our Cannabis – Canada segment was \$20.9 million.

We believe that the estimates, assumptions and judgments involved in the accounting policies described in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. Actual results could differ from the estimates we use in applying our critical accounting policies. We are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of March 31, 2025, our variable interest rate debt was primarily related to our Credit Facilities and Term Loans. Outstanding borrowings under our Credit Facility and Term Loans bear interest at either the (a) Secured Overnight Financing Rate (“SOFR”) or (b) Canadian Prime Rate, as defined in the agreement, plus an applicable margin. As of March 31, 2025, we had approximately \$5,000 aggregate principal amount of outstanding revolving loans under our Operating Loan with an interest rate of 8.0% and we had approximately \$39,203 in aggregate principal amounts of our Term Loans with a weighted average interest rate of 7.8%. The current interest rates for outstanding revolving loans under our Credit Facility and Term Loans reflect basis point increases of approximately 0.7% over the comparable period in 2024.

Our interest expense is affected by the overall interest rate environment. Our variable rate interest debt subjects us to risk from increases in prevailing interest rates. This risk increases in the current inflationary environment, in which the Federal Reserve has increased interest rates, resulting in an increase in our variable interest rates and related interest expense. An additional 50 basis point increase in the applicable interest rates under our Credit Facility and Term Loan would have increased our interest expense by approximately \$50 for the three months ended March 31, 2025 and \$59 for the three months ended March 31, 2024.

While we cannot predict our ability to refinance existing debt or the significance of the impact that interest rate movements will have on our existing debt, management evaluates our financial position on an ongoing basis.

Foreign Exchange Risk

As of March 31, 2025 and 2024, the Canadian/U.S. foreign exchange rate was C\$1.00 = US\$0.6966 and C\$1.00 = US\$0.7383, respectively. If all other variables remain constant, an increase of \$0.10 in the Canadian dollar would have the following impact on the ending balances of certain statements of financial position items at March 31, 2025 and 2024 with the net foreign exchange gain or loss directly impacting net income (loss):

	March 31, 2025	March 31, 2024
Financial assets		
Cash and cash equivalents	\$ 1,535	\$ 2,244
Trade receivables	4,180	3,968
Inventories	5,626	7,397
Prepaid and deposits	176	503
Financial liabilities		
Trade payables and accrued liabilities	(4,334)	(4,793)
Loan payable	(2,750)	(3,286)
Net foreign exchange gain	<u>\$ 4,433</u>	<u>\$ 6,033</u>

Our exposure to foreign exchange risk and the impact of foreign exchange rates are monitored by the Company’s management but generally the Company tries to match its sales (trade receivables) and vendor payments (trade payables) such that the net impact is not material.

Other than the interest rate risk and foreign exchange risk discussed above, there have been no material changes to our market risks from those disclosed in Part II, Item 7A of our Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified by the U.S. Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Principal Financial and Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2025, the Company maintained effective internal control over financial reporting.

Remediation of Previously Identified Material Weakness

As disclosed in Part II Item 9A Controls and Procedures in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, we identified material weaknesses in internal control over financial reporting as the Company (i) did not effectively design and implement internal controls related to our information technology general controls (“ITGCs”) in the areas of user access and program change-management over the information technology (“IT”) system that is utilized to support the Produce segment’s financial reporting processes. Specifically, under our existing ITGCs, we determined that there were insufficient controls to limit user access to this system and to enable oversight of changes being made to the financial inputs under this system; and (ii) did not effectively design and implement internal controls over the review, approval, and documentation of manual journal entries by individuals separate from the preparer at our Produce segment which resulted in the unmitigated risk of management override of manual journal entries.

During the quarter ended March 31, 2025, the Company’s management designed and implemented corrective actions to remediate the control deficiencies that contributed to the material weaknesses.

The remediation actions included:

Information Technology

- Enhanced risk assessment and control identification procedures for our Produce segment’s system environment;
- Enhanced existing controls to address the design and operation of IT general controls within our Produce segment’s IT environment in order to, among other things, limit privileged user access; and
- Implemented controls around timely identification and review of system access and changes. Enhancing and maintaining policy documentation underlying IT general controls to promote knowledge transfer upon personnel and function changes.

Journal Entries

- Enhanced existing controls to ensure that manual journal entries recorded in our financial records are properly reviewed and approved, preventing the potential for management override of controls.

During the quarter ended March 31, 2025, the Company completed our testing of the operating effectiveness of the implemented controls and found them to be effective. Based on the steps implemented, management concluded that we have remediated the previously disclosed material weaknesses as of March 31, 2025.

Changes in Internal Control over Financial Reporting

The Company’s management, including the Chief Executive Officer and Principal Financial and Accounting Officer, has reviewed the Company’s internal control over financial reporting. There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act), other than to address the material weaknesses described above, during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time the Company is engaged in legal proceedings in the ordinary course of business. We do not believe any current legal proceedings are material to our business.

Item 1A. Risk Factors

Our business, operations, and financial condition are subject to various risks and uncertainties. The risk factors described in Part I, Item 1A, “Risk Factors” contained in our Annual Report on Form 10-K, as filed with the SEC on March 13, 2025, and the risk factor described below, should be carefully considered, together with the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q and in our other filings filed with the SEC in connection with evaluating us, our business, and the forward-looking statements contained in this Quarterly Report on Form 10-Q.

Our Common Shares may be delisted from the Nasdaq Capital Market if we do not regain compliance with the minimum bid price requirements by October 13, 2025.

On October 18, 2024, the Company received notification from Nasdaq that the Company is not in compliance with the Minimum Bid Requirement for 30 consecutive trading days from September 6, 2024 to October 17, 2024 (the “Notification”). As set forth in the Notification, the Company had until April 16, 2025 to regain compliance with the Minimum Bid Requirement (the “Compliance Period”). On April 21, 2025, Nasdaq approved the Company’s request for a 180-calendar day extension (the “Extension”) to regain compliance with the Minimum Bid Requirement. The Extension follows the expiration on April 16, 2025 of the Compliance Period. As a result of the Extension, the Company now has until October 13, 2025 (the “New Compliance Period”) to regain compliance with the Minimum Bid Requirement.

In the event the Company does not regain compliance with the Minimum Bid Requirement by the end of the New Compliance Period, the Company may be subject to delisting of the Common Shares from the Nasdaq, at which time the Company may appeal the delisting determination to a Nasdaq Hearings Panel. However, if the Company fails to remedy this deficiency during the New Compliance Period, Nasdaq may provide notice that the Company’s Common Shares are subject to delisting.

We can provide no assurance that we will regain compliance with the Minimum Bid Requirement by the end of the New Compliance Period. Additionally, even if we regain compliance with the Minimum Bid Requirement there can be no assurance that we will continue to maintain compliance with the other Nasdaq requirements for listing our Common Shares on Nasdaq. The delisting of our Common Shares from the Nasdaq Capital Market would likely result in decreased liquidity and increased volatility in the price and trading of our Common Shares and may adversely affect our ability to raise additional capital or to enter into strategic transactions. The delisting of our Common Shares from the Nasdaq Capital Market would also make it more difficult for our shareholders to sell our Common Shares in the public market.

The Company may fail to realize the expected benefits of privatizing certain assets and operations of its Fresh Produce segment (the "Privatizing").

The Company believes that the Privatizing will provide certain benefits to the Company and its shareholders, including enabling the Company to focus on its growing international cannabis business, repositioning its fresh produce business to flourish independently with new strategic capital partners and improving the upside potential for its produce business. However, these expected benefits may not be achieved, or may take longer than expected to realize, and other assumptions upon which the Company had determined the benefits of the Privatizing may prove to be incorrect. The produce business will be operated through a joint venture, in which the Company has a minority interest. The Company cannot control the actions of its joint venture partners, including any non-performance, default, or bankruptcy of the joint venture partners. As a result, the Company may have limited control over such arrangements and experience returns that are not proportional to the risks and resources contributed. To the extent that the anticipated benefits of the Privatizing are not achieved, or take longer than expected to achieve, the results of operations and the financial condition of the Company may suffer, which may materially adversely affect the Company’s business, operations and financial performance and cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Repurchases of Equity Securities

The Company did not repurchase any of its Common Shares during the three months ended March 31, 2025.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosure.

Not applicable.

Item 5. Other Information.

During the quarter ended March 31, 2025, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this report:

Exhibit Number	Description of Document
10.1	<u>Amendment and Restated Credit Agreement by and between Village Farms International, Inc. and Village Farms, L.P. and Farm Credit Canada, dated March 31, 2025^</u>
10.2	<u>Credit Agreement, dated as of April 17, 2025, by and between Pure Sun Farms Corp., a Canadian chartered bank, and Farm Credit Canada^</u>
31.1	<u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

^ Certain confidential portions of this exhibit have been redacted pursuant to Item 601(b)(10) of Regulation S-K. The Company agrees to furnish to the Securities and Exchange Commission a copy of any omitted portions of the exhibit upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

VILLAGE FARMS INTERNATIONAL, INC.

By: /s/ Stephen C. Ruffini

Name: Stephen C. Ruffini

Title: Executive Vice President and Chief Financial Officer

(Authorized Signatory and Principal Financial and
Accounting Officer)

Date: May 12, 2025

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED AND/OR IS THE TYPE OF INFORMATION THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.



Amended and Restated Credit Agreement

PROTECTED

March 31, 2025

Customer number(s): 200621699

VILLAGE FARMS CANADA LIMITED PARTNERSHIP VILLAGE FARMS INTERNATIONAL, INC.

Dear Sir/Madam:

Farm Credit Canada ("**FCC**") is pleased to confirm to Village Farms Canada Limited Partnership, as the existing borrower (the "**Existing Borrower**" or "**VFCLP**") and to Village Farms International, Inc., as an additionally newly added borrower ("**Village Farms International**" or the "**New Borrower**" and together with the Existing Borrower, the "**Borrowers**" and each, a "**Borrower**") in accordance with this amended and restated credit agreement, that FCC hereby offers to continue to make available to the Borrowers the existing loan as at March 26, 2025 totalling the current outstanding amount of US\$20,427,907.33 (i.e. principal of \$20,328,834.66 plus accrued interest of \$99,072.67) (the "**Loan**").

The Loan is subject to the terms and conditions set out in this amended and restated credit agreement and the attached Schedules (collectively, the "**Agreement**").

While the Loan was made available by FCC to the Existing Borrower pursuant the credit agreement issued by FCC to the Existing Borrower dated March 28, 2013, as amended by, among others, the amending letters dated November 7, 2017, December 20, 2017, April 27, 2020, July 15, 2020 and May 2, 2022 (collectively, the "**Existing Credit Agreement**"), the Existing Borrower and the New Borrower have requested that and FCC has agreed, subject to the terms of this Agreement, that the Loan be made available to and the obligations and liabilities of the Existing Borrower be assumed as well by the New Borrower. Accordingly, the New Borrower hereby agrees to assume, together with the Existing Borrower, the Loan and all of the obligations and liabilities of the Existing Borrower under the Loan pursuant to the Existing Credit Agreement, and therefore under this Agreement.

Each Borrower agrees that it shall be jointly and severally liable with the other Borrower for all indebtedness, liabilities, covenants and obligations under the Existing Credit Agreement and this Agreement and each of the Security to which the Existing Borrower is a party.

In addition, VF Clean Energy, Inc. ("**VF Clean Energy**") is hereby added as a new guarantor of the obligations of the Borrowers to FCC under the Existing Credit Agreement and this Agreement. Accordingly, and as set out in this Agreement, the term "Guarantors" or "Guarantor" shall now include VF Clean Energy and refer to VF Clean Energy, VF Operations Canada Inc., Village Farms Canada GP Inc., Agro Power

Development, Inc., VF U.S. Holdings Inc., Village Farms of Delaware, L.L.C., and Village Farms, L.P.

Each of the Guarantors, now including VF Clean Energy agree that they shall be jointly and severally liable with the other Guarantors for all covenants and obligations under this Agreement and each of the Security to which more than one of the Guarantors is a party.

On the basis of the financial information and other information, representations, warranties and documents provided to FCC, FCC has agreed, at the request of the Borrowers, to continue to provide the Loan and amend certain terms and conditions of the Existing Credit Agreement all as more particularly set out below (and in addition to the New Borrower becoming a Borrower and VF Clean Energy becoming a Guarantor under this Agreement). The Existing Credit Agreement shall, as of the date above, be amended and restated (but without novation of existing credit facility indebtedness and obligations) by this Agreement, to read in its entirety as follows:

1. Credit Facility Information

Credit Facility number: 545874000

**Borrower(s): Village Farms Canada
Limited Partnership**

**Chief Place of Business/Chief Executive Office: 4526-80th Street, Delta,
BC V4K 3N3 Head/Registered office: 4526-80th Street, Delta, BC V4K 3N3**

**Borrower(s): Village Farms International, Inc. Chief Place of Business/Chief
Executive Office: 4526-80th Street, Delta, BC V4K 3N3 Head/Registered
office: 4526-80th Street, Delta, BC V4K 3N3**

**Guarantor(s): VF Operations Canada Inc.
Chief Place of Business/Chief Executive Office: 4526-80th Street, Delta, BC V4K
3N3 Head/Registered office: 4526-80th Street, Delta, BC V4K 3N3**

**Guarantor(s): Village Farms Canada GP Inc.
Chief Place of Business/Chief Executive Office: 4526-80th Street, Delta, BC V4K
3N3 Head/Registered office: 4526-80th Street, Delta, BC V4K 3N3**

**Guarantor(s): VF Clean Energy, Inc.
Chief Place of Business/Chief Executive Office: 4526-80th Street, Delta, BC V4K
3N3 Head/Registered office: 4526-80th Street, Delta, BC V4K 3N3**

**Guarantor(s): Agro Power Development, Inc. Chief Place of Business/Chief
Executive Office: 90 Colonial Center Parkway
Head/Registered office: Lake Mary, Florida, U.S.A. 32746
90 Colonial Center Parkway
Lake Mary, Florida, U.S.A. 32746**

**Guarantor(s): VF U.S. Holdings Inc.
Chief Place of Business/Chief Executive Office: 90 Colonial Center Parkway
Head/Registered office: Lake Mary, Florida, U.S.A. 32746
90 Colonial Center Parkway
Lake Mary, Florida, U.S.A. 32746**

**Guarantor(s): Village Farms of Delaware, L.L.C. Chief Place of
Business/Chief Executive Office: 90 Colonial Center Parkway**

Head/Registered office: Lake Mary, Florida, U.S.A. 32746
90 Colonial Center Parkway
Lake Mary, Florida, U.S.A. 32746

Guarantor(s): Village Farms, L.P.
Chief Place of Business/Chief Executive Office: 90 Colonial Center Parkway
Lake Mary, Florida, U.S.A. 32746

Head/Registered office: 90 Colonial Center Parkway
Lake Mary, Florida, U.S.A. 32746

Sources and uses:

Sources		Uses	
FCC	Initially \$58,000,000 (USD) now at March 26, 2025 US\$20,427,907.33	Was initially used to retire Royal Bank of Canada (previously, HSBC Bank Canada) and FCC debt paid down to this level	US\$20,427,907.33
Total	US\$20,427,907.33		US\$20,427,907.33

2. Loan Information

2.1 Existing Loan details

- (a) **Existing Loan No. 1** (FCC reference number 545874001): Borrower(s): Village Farms Canada Limited Partnership
Village Farms International, Inc.
Guarantor(s): VF Operations Canada Inc.
Agro Power Development, Inc.
VF U.S. Holdings Inc.
Village Farms of Delaware, L.L.C.
Village Farms, L.P.
Village Farms Canada GP Inc.
VF Clean Energy, Inc.

Existing Loan No. 1	
Approved Amount Initially	\$58,000,000 (USD)
Outstanding Amount	\$20,427,907.33 (USD)
Loan type	Real Property Loan
Interest type	Open Variable
Product type	American Currency
Term	5 Years
Amortization period	11 Years 1 month
Interest rate	7.866%**

Loan Approval Expiry Date	N/A
Balance Due Date	May 3, 2027

*Subject to Schedule D that is attached

Payment type details	
Payment type	**Fixed Principal + Interest*** (USD)
Start date	September 3, 2013

Payment frequency	Monthly
Payment month(s)	Monthly
Payment amount	\$163,942.22 + Interest (USD)
End date	May 3, 2027

*as at November 1, 2024

**subject to revisions

***subject to revision

2.2 Interest Rate Determination.

The Borrowers shall pay interest, compounded semi-annually, in arrears, on the first day of each month, on the daily amount outstanding under the FCC Loan at the variable rate which is equal to 8.907% (adjusted as provided in Section 1 of Schedule A) plus the applicable Interest Rate Spread (adjusted from time to time as described in Schedule D), both before and after maturity, default and judgment, with interest on overdue interest at the same rate;

2.3 Conversion Rights

The Borrowers may convert certain types of Loans in accordance with the provisions of Schedule C.

3. Conditions Precedent

3.1 In addition to any conditions precedent specified in Schedule E, it shall be a condition precedent to the continued availability of the Loan and the applicability of this Agreement (in lieu of the Existing Credit Agreement) that FCC shall have received the following documents or information or evidence of the following circumstances, as the case may be and shall be satisfied with such documents, information or evidence in all respects (which conditions precedents FCC acknowledges has been satisfied as of the date of this Agreement):

- (a) all Security (other than Security which Schedule A specifies has previously been delivered) shall have been executed and delivered to FCC or FCC Counsel;
- (b) FCC has a perfected, first priority Lien in the Mortgaged Property (subject only to Permitted Liens permitted to have priority thereto) and, in connection therewith, the Security (or filings in connection therewith, as appropriate) has been fully registered in all offices of public record in which such registration, and all other actions taken with respect to any of the Mortgaged Property which, is necessary or desirable to preserve or protect the security created by the Security and the priority and perfection thereof, to the extent required by FCC Counsel;
- (c) Confirmation that the Existing Borrower has available to it an operating loan in an amount not less than CAD\$10,000,000 on terms and conditions acceptable to FCC, which shall include the review by FCC and its solicitors of the governing credit agreement and/or facility letter, as applicable for such operating loan;

- (d) Discharge and cancellation of any encumbrances that secures indebtedness on the Existing Borrower's and each Guarantor's assets other than Permitted Liens and the Operating Lender Security Interest (subject to Section 3.1(c) in any event);
- (e) Nothing shall have occurred which FCC shall determine is reasonably likely to have a Material Adverse Change;
- (f) No event shall have occurred and be continuing which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse, or both;
- (g) All other documents and instruments required by the terms hereof shall have been duly executed and delivered by all parties thereto and shall be in full force and effect, in form and substance satisfactory to FCC;
- (h) FCC shall be satisfied in all respects with the business, operations and prospects and assets and liabilities (including without limitation as to environmental matters) of the Obligants, the corporate and capital structure of the Obligants, the sources of funding available to the Borrowers to satisfy its financial and operating requirements;
- (i) All consents and approvals necessary or desirable in connection with the completion of the transactions contemplated pursuant to this Agreement and the other Loan Documents shall have been obtained on terms and conditions acceptable to FCC;
- (j) FCC must have received and approved the form of lease agreement with the applicable landlords with respect to the Ward County Lands and the Presidio Leasehold Lands, and the Canadian Real Property that is subject to a leasehold interest (to be reviewed in advance of funding to ensure mortgages of leased lands or leasehold interests are unaffected by lease agreements);
- (k) FCC must have entered into the FCC/Operating Lender Priority Agreement satisfactory to it, amended as may be required by FCC and its counsel;
- (l) FCC is satisfied that you are in possession of and in good standing/compliance with all necessary permits, licences, authorizations and other approvals required to legally undertake and carry on your business in the province and states where you carry on business;
- (m) FCC must be satisfied in its sole discretion, that all regulatory agency requirements relating directly or indirectly to environmental impacts, potential environmental hazards, environmental, health or safety risks or environmental issues related to your current or projected business operations have been met or to past operations that may have caused or contributed to a breach of regulatory requirements have been rectified;
- (n) FCC must have reviewed and be satisfied with the organizational documents governing the Borrowers and any Guarantors including any applicable partnership agreements, articles of incorporation and bylaws;
- (o) FCC must be satisfied in its sole discretion with the lender's title insurance policies to be obtained in respect of the US Real Property and the US Real Property Deeds of Trust;
- (p) details of the encumbrances (the **"VF Clean Energy Prior Permitted Lien"**) that secures indebtedness against VF Clean Energy's assets other than Permitted Liens and the Operating Lender Security Interest;

- (q) FCC must have reviewed and be satisfied with the organizational documents governing VF Clean Energy and the New Borrower including any applicable articles of incorporation;
- (r) FCC shall have received from the Borrowers a \$5,000 annual review fee; and
- (s) all such other supporting documents and information as FCC shall reasonably require.

4. Security

4.1 Security for all Secured Obligations

Except to the extent otherwise specifically provided in Schedule A, the Security shall constitute continuing security for payment and performance of all Secured Obligations. All Existing Security shall, in addition to securing the Secured Obligations as provided herein, continue to secure payment and performance of all Additional Secured Obligations expressed or intended to be secured thereby. To the extent that any Existing Security, by its terms, does not secure any or all of the Secured Obligations intended hereby to be secured by such Existing Security, such Existing Security is hereby deemed to be amended to provide for the securing of the payment and performance of all Secured Obligations and any Obligor who has granted such Existing Security shall, at the request of FCC, execute and deliver all such documents and do all such things as may be required by FCC to give effect to such amendment.

4.2 Perfection of Security

Each Obligor shall from time to time, at its own expense, make all such registrations and filings, execute and deliver all such documents and do all such things, on the request of FCC, as FCC in its sole discretion shall consider necessary or desirable to ensure or enhance the perfection, priority, validity and enforceability of any Security to which it is a party and shall diligently pursue and obtain all third party consents necessary or desirable to create the Lien of the Security over any Mortgaged Property.

4.3 Discharge of Security

Upon payment and performance in full of all Secured Obligations (and, in the case of the Existing Security, the Additional Secured Obligations) and the termination of any obligation of FCC to make further advances under any loan or other credit facility to the Borrowers which is or is intended to be secured by any of the Security, FCC shall, at the request and expense of the Borrowers, execute and deliver all such documents and do all such things as may be reasonably required to discharge the Security.

4.4 Limits on Security

Where any Security provides for payment of a principal amount in excess of, or a rate of interest greater than that applicable to, the Secured Obligations (and, in the case of the Existing Security, the Additional Secured Obligations), FCC will not enforce or collect under the Security any amount in excess of the Secured Obligations (and, if applicable, the Additional Secured Obligations) and any requirement to pay interest under the Security shall be satisfied by payment of interest at the rate or rates applicable to the Secured Obligations (and, if applicable, the Additional Secured Obligations.).

5. Interest

5.1 Payment of interest

Subject to the provisions of this Agreement (including without limitation Schedule D hereto), interest shall accrue on the aggregate principal amount of the Loan outstanding from time to time, both

before and after maturity, default and judgment, with interest on overdue interest at the same rate, commencing on and including the day on which the Loan is advanced and ending on, but excluding, the day on which it is repaid, such interest to be calculated on the daily outstanding principal balance and payable monthly, in arrears, on the first Business Day of each and every month during which the Loan remains unpaid, based upon a year of 360 days, for the actual days that the amounts are outstanding under the Loan on this basis, at the variable rate of interest per annum, compounded semi-annually, specified and calculated in the manner set forth in Schedule D attached hereto.

5.2 Blended payments

Subject to Section 5.4 of Schedule E, any Blended Payment for any Loan (or a portion of a Loan) shall be applied, firstly, to accrued and unpaid interest on such Loan (or portion, as the case may be) and, secondly, to the outstanding principal balance of such Loan (or portion, as the case may be).

5.3 Variable Rate change

On the date hereof, the Variable Mortgage Rate is 7.95%. Each change to such rate from time to time shall cause an immediate and automatic adjustment of any interest rate based thereon, from the effective date of such change, calculated in accordance with FCC's usual practices and without notice to any Obligor.

5.4 Interest on other amounts

Where any amount payable by the Borrowers to FCC is not paid when due and this Agreement does not otherwise provide for interest thereon, the Borrowers shall pay to FCC, on demand, interest on the daily outstanding balance of such amount from the due date until the date of payment, calculated at a rate equal to the Variable Mortgage Rate plus 4% per annum.

6. Repayment and Prepayment of Principal

6.1 Repayments

Subject to an earlier demand by FCC under any Loan in accordance with FCC's rights and remedies under any Loan Document or pursuant to an Acceleration Declaration, the Borrowers will pay to FCC, with respect to any Loan or portion thereof, on each Payment Date and the Balance Due Date, the Payment Amount specified in Section 2 with respect to such Loan or portion thereof (as adjusted from time to time in accordance with Section 6.2) in reduction of the outstanding principal balance, provided that, for any Blended Payment, such Blended Payment shall be applied in accordance with Section 5.2.

6.2 Adjustment of Blended Payments

FCC may, from time to time, by notice to the Borrowers, adjust any Blended Payment to reflect any change in any Variable Mortgage Rate or Variable Personal Property Rate or any change in interest rates arising pursuant to Schedule B and from and after the effective date set forth in such notice the Borrowers shall make all Blended Payments for such Loan in compliance with such notice.

6.3 Prepayments

Any prepayment of a Loan, including any prepayment arising from an Acceleration Declaration, shall be made only in compliance with the provisions of Schedule C or as otherwise specifically provided in this Agreement. All such prepayments shall, unless otherwise determined by FCC in its discretion, be applied to any remaining scheduled payments of the applicable Loan in inverse order

of maturity.

6.4 Payment on demand in the event of misrepresentation, fraud or lack of integrity

The Loan and all indebtedness owing by the Borrowers shall be repaid in full and any further availability under the Loan will be cancelled if the Borrowers or any Guarantor has made any misrepresentation to FCC, has committed fraud against FCC, if FCC becomes aware that the Borrowers or any Guarantor has acted in a manner that calls into question their integrity and as a result will negatively impact FCC's reputation if FCC were to continue to do business with the Borrowers or any Guarantor or if any Borrowers cease to operate or operate materially in its Core Business, as determined by FCC in its sole discretion.

7. Fees

7.1 Payment of fees

In addition to the fees otherwise payable by the Borrowers under this Agreement, the Borrowers will pay to FCC the following fees:

- (a) Annually, when requested by FCC, on completion of the annual review, an annual review fee of \$5,000USD to accompany annual provision of financial statements; and
- (b) Reporting and Monitoring Default Fee. If a Borrower breaches a reporting or monitoring covenant required pursuant to this Agreement, FCC shall assess a default fee of \$1,000.00 per breach. This fee will be added to the Outstanding Obligations under the Credit Facility.
- (c) In the event the Borrowers are at any time in a fiscal year not in compliance with the FCC Loan covenants, the Borrowers will pay a minimum risk adjustment fee equal to up to 50 basis points (.50%) multiplied by the fiscal year end principal loan balance(s) under the FCC Loans to compensate for the higher than forecast risk and for non-performance for the year just concluded. This payment is due not later than 90 days following the i.e. December 31, fiscal year end and is to accompany the Annual Certificate of Compliance for FCC Loan Covenants and Conditions. Note based on the existing FCC exposure of US\$20,427,907.33, this fee would be up to US\$102,139.53 such fee to be adjusted by FCC upon prepayment of the FCC Loans for any reason whatsoever.

Fees payable as a result of defaults represent FCC's liquidated damages, not penalties, to compensate FCC for the higher than forecast risk and/or non-performance of a covenant. Liquidated damages means the parties acknowledge and agree that this fee is a reasonable estimation of the actual damages suffered by FCC upon a breach contemplated by this section, and that the Obligor(s) in question will pay the fee to FCC in the event of such a breach. The Obligors acknowledge that the precise amount of FCC's actual damages would be extremely difficult to calculate and that the fee set out in the Agreement represent a reasonable estimate of the actual damages and effort incurred by FCC in responding to a breach. Fees are due on demand. Payment of a fee does not cure a default and does not affect our remaining rights under this Agreement or any other document.

8. Representations and Warranties

All Representations and Warranties, shall survive any investigation made by or on behalf of FCC at any time with respect thereto, may be relied upon by FCC with respect to the performance of its rights and obligations under the Loan Documents and shall survive the execution, delivery and performance of the Loan Documents and the making of the advances (and all such Representations and Warranties shall be deemed to be repeated, and relied upon by FCC, as of the date of each advance), but for greater certainty do not survive, and are not deemed to be

repeated after, the repayment and performance in full of the Secured Obligations, save and except to the extent that such Representations and Warranties are by their terms specified to survive such repayment or relate to covenants or agreements which are by their terms specified to survive such repayment.

In addition to any Representations and Warranties set out in Schedule E hereto or in any other Loan Document, each Borrower represents and warrants to FCC that:

- (a) Organizational Chart. Schedule I is an accurate and complete organizational chart with respect to the Borrowers and the Corporate Obligants, its issued and outstanding shares or units and the beneficial ownership thereof.

9. Reporting Requirements

9.1 Financial information

So long as this Agreement remains in effect, the Borrowers (and, to the extent that any document or information described below relates to a Guarantor, such Guarantor) shall deliver to FCC, in form satisfactory to FCC annually within 90 days of the Borrowers' fiscal year end:

- (a) consolidated Audited Financial Statements for the Borrowers and Guarantors prepared by a Qualifying Accounting Firm, and which statements must include a balance sheet, an income statement, a statement of retained earnings and a statement of changes in financial position, and must be prepared in accordance with US GAAP applied on a basis consistent with the statements for the previous fiscal year;
- (b) accountant or financial controller will provide an annual compliance letter for the FCC Loan in a form satisfactory to FCC for Covenants and Conditions accompanying the fiscal year end financial statement. Explanations are to be included for any non-compliance issues. For greater certainty, the form of compliance letter provided to date to FCC is in a form satisfactory to FCC;
- (c) annual budget and cash flow forecast including a detailed Capital Expenditure Budget of the following year to be supplied to FCC within 15 days of approval but not later than 90 days following the fiscal year-end and must be deemed acceptable to FCC. Any subsequent revisions to the budgets must be confirmed in writing and authorized by FCC before changes are implemented;
- (d) in-house prepared income statement and balance sheet for Village Farms vegetable operations;
- (e) compliance certificate in the form attached as Schedule F, within 90 days of the Borrowers' fiscal year end, to be completed by a senior officer of each Borrower or other person acceptable to FCC; and
- (f) promptly upon request by FCC, all such other financial and business information regarding any Obligor or any of an Obligor's Mortgaged Property as FCC shall request from time to time.

10. Covenants

10.1 Positive covenants

So long as this Agreement is in effect, each Obligor shall perform each of its covenants and obligations contained in this Agreement (including Section 4 of Schedule E) or any other Loan

Document (and, where any Loan Document provides for covenants or obligations of an Obligant referenced therein which is not a party thereto, each Obligant shall cause such referenced Obligant to perform such covenants and obligations as if it were a party to such Loan Document).

10.2 Negative covenants

So long as this Agreement is in effect, without the prior written consent of FCC:

- (a) each Obligant will not incur any Indebtedness for Borrowed Money except Permitted Indebtedness and an operating loan with the Operating Lender;
- (b) each Obligant will not sell, exchange, lease, release or abandon or otherwise dispose of, any part of its business or property, whether now owned or hereafter acquired (including any of the legal or beneficial interest therein) other than by way of Permitted Dispositions; provided and for greater certainty, the sale of the Monahans greenhouse is not permitted without FCC's prior written approval;
- (c) each Obligant will not create, assume or permit to exist any Lien upon any of the Mortgaged Property or any assets of any Subsidiary of an Obligant now owned or hereafter acquired other than Permitted Liens and the Operating Lender Security Interest;
- (d) each Corporate Obligant will not liquidate, dissolve or wind-up or take any steps or proceedings in connection therewith or otherwise to terminate its corporate (or other) existence;
- (e) each Corporate Obligant will not amalgamate, merge, consolidate or otherwise enter into any other form of business combination with any other Person nor enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person other than the Borrowers whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale, lease, liquidation, winding-up, liquidation, dissolution or otherwise excepting any transaction between the Corporate Obligants and provided that the Borrowers have received the prior written consent of FCC;
- (f) each Obligant, except on 30 days prior written notice to FCC, will not change its name, conduct business under any new trade name, change the place or places at which it conducts business or at which its assets are located or, if a Corporate Obligant, change the jurisdiction in which its chief executive office is located;
- (g) each Obligant will not make any material change to the nature of its business, taken as a whole;
- (h) each Obligant will not change its financial year end;
- (i) each Obligant will not create or acquire any new Subsidiary unless such Subsidiary becomes, or agrees in writing with FCC that it will on request of FCC become, a Guarantor with the exception of the following new Subsidiaries which shall not become a Guarantor, provided that Pure Sun Farms Corp., Rose Life Sciences Inc., Balanced Health Botanicals, LLC and Leli Holland B.V. will be excluded from the definition of Subsidiary in this paragraph;
- (j) each Corporate Obligant will not consent to or permit any Change of Ownership with respect to it or any Wholly-Owned Subsidiary;
- (k) each Corporate Obligant will not make, or enter into any agreement to make, directly or indirectly, any Investments, other than Permitted Investments; provided that and for

certainty, investments made until June 30, 2024 shall be deemed to be Permitted Investments and any further investments beyond June 30, 2024 shall be subject to FCC's prior written consent in accordance with this Section 10.2(k);

- (l) each Corporate Obligant will not enter into management, marketing, consulting, rental or administrative contracts, or any other contracts, agreements or leases, with any of its directors, officers, shareholders, partners (if a partnership), beneficiaries (if a trust) or any Person with whom it does not deal at arm's length, unless on prevailing market rates and it discloses such related party contracts, agreements and leases, and all costs and expenses associated therewith, annually to FCC as part of the annual review documentation;

- (m) each Obligant will not acquire or enter into any agreement to acquire any shares or other securities or any other interest in any Person or any assets of any Person unless:

In the case of the acquisition of any shares, securities or other interest in any Person, the business of such Person is the same as the Core Business and in the case of acquisition of any assets of any Person, such assets are used and will continue to be used in the Core Business;

Before making any such acquisitions or entering into any such agreement, the Borrowers shall have provided to FCC such pro forma financial information as FCC may require that shows that after such acquisition the Borrowers and the other Obligants shall be in compliance with their respective covenants under the Loan Documents for the four (4) fiscal quarters following the completion of such acquisition; provided that and for certainty, share acquisitions or acquisitions of other securities or other interests in any Person or any assets of any Person made until June 30, 2024 shall be deemed to be permitted by FCC and any further acquisitions of such nature beyond June 30, 2024 shall be subject to FCC's prior written consent in accordance with this Section 10.2(m);

- (n) each Borrower will not make any Restricted Payment;
- (o) each Corporate Obligant will not declare or pay or make any Distributions, including any payment or repayment of principal, interest, fees or costs with respect to any subordinated debt if there exists any Default or Event of Default or the declaration or payment would cause there to exist a Default or an Event of Default;
- (p) the Borrowers will not, and will ensure that each of the other Obligants will not, make loans to or investments in, or provide guarantees or indemnities or otherwise give financial assistance to any Person, other than in the ordinary course of business or among any Obligant where the aggregate value of the loans, investments, guarantees or indemnities exceed USD1,000,000; provided that FCC consents to the Existing Borrower granting to Canadian Imperial Bank of Commerce as part of a syndicated financing with Canadian Imperial Bank of Commerce ("CIBC") as the agent and a lender and Pure Sunfarms Inc. as the Borrower, on unlimited guarantee by the Existing Borrower of the indebtedness of Pure Sunfarms Inc. to the syndicated lenders thereunder;
- (q) each Corporate Obligant will not alter (or allow the alteration of) its constating instruments (including in the case of the Existing Borrower, the limited partnership agreement forming the Existing Borrower and in the case of Village Farms L.P., the limited partnership agreement forming the Village Farms, L.P.) or its corporate organization;
- (r) the Borrowers will not, and will ensure that each of the other Obligants will not, change or allow any change to the beneficial ownership of a majority of its share or units as set forth in Schedule "I";

- (s) the Borrowers will not, and will ensure that each of the other Obligants will not, sell, transfer, assign, convey, lease or otherwise dispose of all or any part of either its legal or beneficial interest in any real property owned by it including the Real Property;
- (t) the Borrowers will not, and will ensure that each of the other Obligants will not, change the nature of its business (i.e. greenhouse operation and sale of assets arising therefrom) or expand the jurisdictions outside Canada, the United States or The Netherlands;
- (u) the Borrowers will not, and will ensure that each of the other Obligants will not, amend, terminate or replace any agreement relating to the business carried on by it or the property, assets or undertaking used therein if to do so would have a Material Adverse Change;
- (v) the Borrowers will not, and will ensure that each of the other Obligants will not, cause or permit to be caused any environmental damage which would result in a Material Adverse Effect;
- (w) the Borrowers will not, and will ensure that each of the other Obligants will not, amend in any material respect, terminate or surrender the existing leases of the Presidio Leasehold Lands or Ward County Lands; and
- (x) the Borrowers will not, and will ensure that each of the other Obligants will not, enter into any operating or management agreement with respect to the operation and management of the business of any Obligant in whole or in part.

10.3 Financial covenants

For as long as you are indebted to FCC under this or any other credit or loan agreement with FCC, you shall maintain the following financial covenants. These financial covenants replace all previous financial covenants contained in any other credit or loan agreements you have with FCC and any amendments thereto. If a conflict arises between any of these financial covenants and those contained in any previous credit or loan agreement with FCC, these shall prevail. This clause shall survive the termination or expiry of this agreement and remain in force unless and until replaced in a future credit or loan agreement.

(a) Ratios

Current Ratio

The Borrowers will not permit their Current Ratio to be less than:

1.25:1.00;

"Current Ratio" means, at any time, Current Assets divided by Current Liabilities.

Liquidity Ratio

The Borrowers shall maintain at all times a minimum liquidity of \$5,000,000. For purposes hereof, liquidity is defined as the sum of unrestricted cash and cash equivalents held by Village Farms International Inc. and its consolidated subsidiaries.

Total Debt to Tangible Net Worth

The Borrowers will not permit its Total Debt to Tangible Net Worth to exceed 3.00:1.00.

FCC and the Borrowers agree and acknowledge that the Debt to EBITDA ratio previously set out in the Existing Credit Agreement shall no longer apply to the Borrowers.

Compliance with the Financial Covenants will be determined on the basis of the information delivered pursuant to Section 10. If any required information is not delivered as set out in Section 10, FCC shall calculate compliance with the Financial Covenants on such basis as it shall determine.

The provisions of this Section 10.3 is deemed to be incorporated into each credit or loan agreement now existing between FCC and the Borrowers and shall continue in effect under each such existing agreement notwithstanding the termination of this Agreement. In the event of any conflict between the provisions of this Section 10.3 and the provisions of any such existing agreement (for greater certainty, the maintenance of any financial ratio or condition under such existing agreement which is not addressed in this Section 10.3 not being a conflict), the provisions of this Section 10.3 shall prevail.

11. Pre-Authorized payment authority (the “Authority”)

11.1 Bank account information (A voided cheque must accompany this Agreement)

[***Redacted – Commercially Sensitive Information***]

Financial institution name: ____

Address: ____

11.2 Pre-authorized payment details

Pre-authorized payment type	Payment amount	Payment dates (Month/Day)	Frequency
____ Fixed _X____ Variable	Fixed principal & Interest	1 st day of the month	Monthly

For greater certainty, only one Borrower is required to complete the Authority.

The Borrowers hereby instruct and authorize FCC to debit the above bank account (the “**Account**”) with the above payments for the purpose of repaying the Loan and related indebtedness to FCC. The Borrowers undertake to inform FCC, in writing, of any change in the Account information provided in this Agreement prior to the next due date of the pre-authorized payment.

The Borrowers waive the pre-notification requirements of the Payments Canada, _____ including the right to receive pre-notification of the amount and/or date of any pre-

Account holder to initial authorized payments. The Borrowers agree that the Borrowers do not require advance notice of the amount and/or date of any pre-authorized payments before the debit is processed. The Borrowers acknowledge that FCC may send the Borrowers payment notices but that these payment notices do not constitute the pre-notification requirements of the Payments Canada.

Account holder to initial

The Borrowers confirm that the above payment(s) are made for business purposes.

FCC reserves the right to cancel this Authority at its discretion and without notice. This Authority may be cancelled at any time upon notice being provided by the Borrowers, either in writing or orally with proper authorization to verify the Borrowers' identity, to FCC within 30 days before the next payment is to be made. A sample cancellation form, or more information on the Borrower's rights to cancel this Authority, may be obtained by contacting the financial institution or by visiting www.payments.ca.

The Borrowers have certain recourse rights if any debit does not comply with this Authority. For example, the Borrowers have the right to receive reimbursement for any debit that is not authorized or is not consistent with this Authority. To obtain more information on recourse rights, contact the financial institution or visit www.payments.ca. The Borrowers may contact FCC to make inquiries or obtain information about this Authority at:

Farm Credit Canada
Customer Service Centre
1800 Hamilton Street, P.O. Box 4320
Regina, SK S4P 4L3

Telephone: [***Redacted – Personally Identifying Information***]
Fax: [***Redacted – Personally Identifying Information***]
email: [***Redacted – Personally Identifying Information***]

The Borrowers warrant and agree that they are duly authorized, in accordance with the account agreement at the financial institution identified above, to debit the Account.

The Borrowers acknowledge and agree that all existing Account payment documents with respect to any existing loans of the Borrowers with FCC, if any, remain in full force and effect.

You agree that if VFCLP and Village Farms Canada LP's operating loan with Bank of Montreal is refinanced at any time, then the applicable Borrower shall promptly provide to FCC new pre- authorized payment details from which to debit its new operating account.

12. Acceptance

If this Agreement is acceptable, please have the Borrowers and each of the Guarantors sign in the space indicated below, the applicable Borrower check the box in Section 11 and complete any other information required for Section 11 and return it to FCC, together with payment of any fees required to be paid at that time, by April 11, 2025, after which date this Agreement, unless so signed and returned, shall be null and void (unless extended in writing by FCC). By signing and returning this Agreement, the Borrowers and each Guarantor agrees to be bound by the terms and conditions of this Agreement, including the provisions of all Schedules to this Agreement, which are deemed to form part of this Agreement. The execution of this Agreement by any Person on behalf of a Corporate Obligant is deemed to be a representation and warranty by such Person that such Person is duly authorized to bind such Corporate Obligant.

Farm Credit Canada

By: /s/ Louis Racine Name:
Louis Racine
Title: Senior Legal Counsel, Loan Closing

ACCEPTED AND AGREED TO BY THE BORROWERS AS OF APRIL 10, 2025.

VILLAGE FARMS CANADA LIMITED PARTNERSHIP
by its general partner, Village Farms Canada GP Inc.,
by its authorized signatory

Per:

Authorized Signatory

VILLAGE FARMS INTERNATIONAL, INC.

Per:

Authorized Signatory

ACCEPTED AND AGREED TO BY THE GUARANTORS AS OF APRIL 10, 2025.

VF CLEAN ENERGY, INC.

Per: _____ Authorized Signatory

VF OPERATIONS CANADA INC.

Per: _____ Authorized Signatory

AGRO POWER DEVELOPMENT, INC.

Per: _____ Authorized Signatory

VILLAGE FARMS, L.P.

by its general partner, Village Farms of Delaware, L.L.C.,
by its authorized signatory

Per: _____ Authorized Signatory

VF U.S. HOLDINGS INC.

Per: _____ Authorized Signatory

VILLAGE FARMS OF DELAWARE, L.L.C.

Per: _____ Authorized Signatory

VILLAGE FARMS CANADA GP INC.

Per: _____ Authorized Signatory

SCHEDULE A – SECURITY

*****Redacted – Commercially Sensitive Information***]**

SCHEDULE B - FIXED RATE INTEREST ADJUSTMENTS

For any new Fixed Rate Loan, the applicable Fixed Rate of interest shall be adjusted in accordance with the following provisions:

Each new Fixed Rate Loan (including any increase in the approved amount of such new Fixed Rate Loan up to the lesser of 10% of the original authorized amount and \$100,000) shall have the benefit of an interest rate guarantee for the period commencing on the date the Fixed Rate for such Fixed Rate Loan specified in Section 2 of this Agreement was booked by FCC and continuing for 90 days thereafter (in the case of real property Fixed Rate Loans) and 30 days thereafter (in the case of all other Fixed Rate Loans).

Where any new Fixed Rate Loan is 90% or more disbursed within the applicable interest rate guarantee period, the applicable Fixed Rate of interest for all amounts disbursed before any expiry date applicable to the Fixed Rate Loan will be the lesser of (i) the Fixed Rate specified for such Fixed Rate Loan in Section 2 of this Agreement and (ii) the Fixed Rate of interest in effect on the date of the first disbursement of such Fixed Rate Loan, provided that the current transfer price (one of the factors reviewed by FCC in determining Fixed Rates) is at least 10 basis points lower than the transfer price for the Fixed Rate specified in Section 2 (all as determined by FCC).

Where any new Fixed Rate Loan is not 90% or more disbursed within the applicable interest rate guarantee period, the applicable Fixed Rate of interest for all amounts disbursed before the expiry of the applicable interest rate guarantee period will be determined in accordance with the preceding paragraph and the applicable Fixed Rate of interest for each amount disbursed after the expiry of the applicable interest rate guarantee period and prior to any expiry date applicable to the Fixed Rate Loan will be the Fixed Rate of interest in effect (as determined by FCC) on the date of such disbursement. If this results in multiple interest rates for the Fixed Rate Loan, FCC will calculate a weighted average Fixed Rate of interest for the entire Loan at the time of each disbursement.

SCHEDULE C – PREPAYMENT, CONVERSION RIGHTS AND INTEREST RATE GUARANTEE

1. Prepayment rights

So long as no Default or Event of Default has occurred and is continuing, the Borrowers may prepay Loans as follows:

- (a) Loans with a “Variable-Open” or “Fixed-Open” Interest Type specified in Section 2 of this Agreement may be prepaid in whole or in part at any time, without notice or fee;
- (b) Loans with a “Fixed-Closed” Interest Type specified in Section 2 of this Agreement may be prepaid in whole or in part at any time, without notice, upon concurrent payment of a Prepayment Fee; and
- (c) Loans with a “Variable” or “Fixed” Interest Type may be prepaid, without notice or fee, by an amount of up to 10% of the originally advanced amount of such Loan at one time (but no more than one time) in any calendar year (which amount shall not be cumulative from year to year) and may otherwise be prepaid in whole or in part at any time, without notice, upon concurrent payment of a Prepayment Fee.

2. “Prepayment Fee” means, to the extent permitted by Applicable Law, a fee equal to the greater of:

- (a) three months’ interest on the amount prepaid at the interest rate applicable to the Loan; and
- (b) the amount of interest lost by FCC over the remaining term of the Loan on the amount prepaid, as calculated by FCC in accordance with its standard practices.

3. Conversion rights

So long as no Default or Event of Default has occurred and is continuing, and subject to any contrary provisions in Schedule D, the Borrowers may exercise the following conversion rights with respect to the Loan(s):

- (a) a Loan designated as a “Personal Property Loan” Loan Type in Section 2 of this Agreement and having a “Variable” Interest Type specified in Section 2 of this Agreement may be converted by the Borrowers, by notice to FCC, to any other “Personal Property” product (as so designated by FCC) offered by FCC as follows:
 - (i) if the remaining amortization period is 5 years or less, to a Personal Property product with a term equal or less than the balance of the existing amortization period; and
 - (ii) if the remaining amortization period is greater than 5 years, to a Personal Property product with a term equal to or greater than the balance of the existing amortization period;
- (b) a Loan designated as a “Real Property Loan” Loan Type in Section 2 of this Agreement and having an “Variable-Open” Interest Type specified in Section 2 of this Agreement may be converted by the Borrowers, by notice to FCC and payment of the Conversion Fee, to any other available “Mortgage” product (as so designated by FCC) offered and determined by FCC;
- (c) a Loan with a “Variable Mortgage Rate” Interest Type specified in Section 2 of this Agreement may be converted by the Borrowers, by notice to FCC and payment of the Conversion Fee, to any available “Mortgage” product (as so designated by FCC) offered and determined by FCC, other than a Mortgage product with an Open Variable

Mortgage Rate; and

- (d) at any time after the applicable Interest Adjustment Date, a Loan designated as an "Advancer Loan - Variable Open" rate in Section 2 of this Agreement, may be converted by the Borrowers, in whole or in part (subject to a minimum amount of \$25,000), by notice to FCC and payment of the Conversion Fee to any other available "Mortgage" product (as so designated by FCC) offered by FCC.

The interest rate and, save as otherwise specified above, the other terms and conditions of any new product shall be as specified by FCC and the Borrowers shall execute and deliver (and shall cause all other Obligants to execute and deliver) all such documents as may be reasonably required by FCC to reflect such conversion or to maintain the enforceability, effectiveness or priority of any of the Loan Documents.

4. Interest Rate Guarantees

- (a) With respect to a Loan having a "Variable" Interest Type specified in Section 1 of this Agreement, there are no interest rate guarantees for such loans.
- (b) With respect to a Loan designated as a "Personal Property Loan", all proceeds of the applicable Loan disbursed in the first 30 days from the date of this Agreement will be at rate set out in the Agreement. The same rate will apply to all funds disbursed after 30 days provided that 90% of the principal amount of a loan is disbursed by the Interest Rate Guarantee Expiry Date.

If 90% of the principal amount of a loan is not disbursed by the Interest Rate Guarantee Expiry Date, then all funds disbursed after the Interest Rate Guarantee Expiry Date will bear interest at the rate in effect on the date of each disbursement. If this results in multiple interest rates for the loan, FCC will calculate a weighted average interest rate for the entire loan at the time of each disbursement.

If a Real Property Loan Fixed product type has been chosen:

All funds disbursed in the first 90 days from the date of this Agreement will be at the interest rate quoted in this Agreement.

This same rate will apply to all funds disbursed after 90 days, provided that 90% of the principal amount of a loan is disbursed by the Interest Rate Guarantee Expiry Date.

If 90% of the principal amount of a loan is not disbursed by the Interest Rate Guarantee Expiry Date, then all funds disbursed after the Interest Rate Guarantee Expiry Date will bear interest at the rate in effect on the date of each disbursement. If this results in multiple interest rates for the Loan, FCC will calculate a weighted average interest rate for the entire loan at the time of each disbursement.

For any such loans that are secured by mortgages of real property, if the actual interest rate charged is higher than the registered rate, the funds will be advanced on the trust condition that the Borrowers execute (and register, if appropriate) a mortgage amending agreement reflecting the higher interest rate.

If a Transition Loan product type has been chosen:

The Interest Rate Guarantee for new Loans that are identified as a "Transition" product are as set out above, except that the 90% Disbursement Date will be based on the minimum initial disbursement (at least 40% of all Transition Fixed Rate Loans). The Interest Rate Guarantee will be based on the disbursement of the initial advance and not on the entire loan.

Schedule D - Specific Loan Terms

The following provisions shall be applicable to the Loan(s) specified so long as such Loan(s) is available or outstanding. In the event of any conflict between the provisions of this Schedule D any other provision of this Agreement, the provisions of this Schedule D shall govern.

Existing Loan No. 1

Notwithstanding any other provision, you agree that this Loan has been made in U.S. currency and must be repaid in U.S. currency.

This Loan will be disbursed to you or for your benefit. You must provide FCC with written notice at least three (3) business days prior to the date any advance is required.

None of the prepayment terms outlined in section 1 of Schedule C entitled "Prepayments," are applicable to your US dollar loan. Any prepayment, late payment or unscheduled payment of this Loan will result in a fee payable to FCC equivalent to all costs incurred by FCC as a result of the prepayment, late payment or unscheduled payment. These costs will be determined exclusively by FCC and could include foreign exchange losses, foreign currency costs, applicable fees required to change foreign exchange hedging contracts, FCC administrative costs, interest paid on U.S. currency held by FCC for application on a future scheduled payment date, and any other costs reasonably incurred by FCC as a result of the prepayment, late payment or unscheduled payment.

None of the terms outlined in section 4 in Schedule C entitled "Interest Rate Guarantees" is applicable to your US dollar loan. You agree that the interest rate applicable to this Loan will be the forward-looking rate based on the Secured Overnight Financing Rate ("**SOFR Term Rate**") for a tenor of three months in effect on the date of disbursement plus a premium spread of 3.564% (together, called the "**Interest Rate**").

Provided, that if the Interest Rate shall be less than zero, the Interest Rate shall be deemed to be zero for the purposes of this Agreement and the other loan documents

Interest will be compounded semi-annually not in advance. The Interest Rate for this Loan will be adjusted on the first day in each of the months of May, August, November and February following the date of disbursement until May 1, 2027 (the "**Maturity Date**").

If the date for adjusting the Interest Rate falls on a weekend or statutory holiday in Canada or the United States, then the SOFR Term Rate used to establish the Interest Rate will be the three-month SOFR Term Rate established on the next business day. You will not be advised of any interest rate change, but can obtain the rate applicable to your loan by contacting your Account Manager. At the discretion of FCC, this Loan may be renewed on the Maturity Date.

Information on the current three-month SOFR Term Rate is available on the CME Group Website located at www.cmegroup.com.

The terms of this Loan will be documented by this Agreement. You authorize FCC, upon disbursement, to use the applicable SOFR Term Rate to calculate and then insert the Interest Rate on the Agreement. FCC will forward a copy of the Agreement to you after the Interest Rate has been determined.

Prepayments

This Loan can be prepaid on the first business day of February, May, August and November. Prepayments received on any other date will be held without interest until the next prepayment date and will be subject to additional costs as detailed above.

Termination or Replacement of SOFR

- i. Replacing Future Benchmarks: Upon the occurrence of a Benchmark Transition Event, the

Benchmark Replacement will replace SOFR for all purposes hereunder and under any loan document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrowers without any amendment to this Agreement or any other loan document, or further action or consent of the Borrowers.

- ii. **Benchmark Replacement Conforming Changes:** In connection with the implementation and administration of a Benchmark Replacement, FCC will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other loan document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.
- iii. **Notices; Standards for Decisions and Determinations:** FCC will promptly notify the Borrowers of:
 - a. the implementation of any Benchmark Replacement and
 - b. the effectiveness of any Benchmark Replacement Conforming Changes.

Any determination, decision or election that may be made by FCC pursuant to this Schedule, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section.

- iv. **Method of Notice:** Any notice, request or other communication required pursuant to this Section entitled "Termination of Replacement of SOFR" shall be in accordance with the notice requirements contained within the Agreement.
- v. **Unavailability of Tenor of Benchmark:** At any time (including in connection with the implementation of a Benchmark Replacement),
 - a. FCC may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings and
 - b. FCC may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.
- vi. **Definitions:** For the purposes of this section entitled "Termination or Replacement of SOFR" the following terms shall mean as follows:
 - a. "Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable,
 - i. if the then-current Benchmark is a term rate, any tenor for such Benchmark that is or maybe used for determining the length of an Interest Period or
 - ii. otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date.
 - b. "Benchmark" means, initially, SOFR, provided that if a placement of the Benchmark has occurred, then Benchmark means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to Benchmark shall include, as applicable, the published component used in the calculation thereof.
 - c. "Benchmark Replacement" means the sum of
 - i. the alternate benchmark rate and

- ii. an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by FCC as the replacement for such Available Tenor of such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar-denominated syndicated or bilateral credit facilities at such time;
- d. “Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Business Day,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that FCC decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by FCC in a manner substantially consistent with market practice (or, if FCC decides that adoption of any portion of such market practice is not administratively feasible or if FCC determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as FCC decides is reasonably necessary in connection with the administration of this Agreement and the other loan documents).
- e. “Benchmark Transition Event” means, with respect to any then-current Benchmark, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that:
 - i. such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark, or
 - ii. all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.
- f. “Relevant Government Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.
- g. “SOFR” means a rate per annum equal to the secured overnight financing rate for such Business Day published by the Federal Reserve Bank of New York (or a successor administrator) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).
- h. “Term SOFR” means, for the applicable corresponding tenor, the forward-looking term rate based on SOFR, which is published by CME Group Benchmark Administration Limited (or a successor administrator) on the website of CME Group Benchmark Administration Limited, currently at <http://www.cmegroup.com> (or any successor source identified by the administrator).

Convertibility

Any Loan that has an Open Variable Mortgage Rate term may be converted to any other available

Mortgage term upon payment of a Conversion Fee.

SCHEDULE E - STANDARD LOAN TERMS AND CONDITIONS

1. INTERPRETATION AND DEFINITIONS

1.1 Definitions

Unless there is something in the subject matter or the context necessarily inconsistent therewith, the following expressions, if used in this Agreement, shall have the following meanings, namely:

"Acceleration Declaration" means a declaration by FCC pursuant to Section 5.1 of this Schedule;

"Accounts Receivable" means, with respect to any Person, collectively:

- (a) all book accounts, book debts, accounts, claims, judgments, demands and monies now due or owing or accruing due or which may hereafter become due or owing to such Person, arising from the sale, disposition or realization of the Inventory of such Person (including without limitation all proceeds of insurance arising with respect to the Inventory of such Person); and
- (b) all contracts, agreements, arrangements, documents, securities, installments, bills, policies, writings, books, records (electronic or otherwise) and papers evidencing, securing or otherwise relating to any of the book accounts, book debts, accounts, claims, judgments, demands or monies described in clause (a);

"Additional Secured Obligations" means, collectively, all present and future obligations and liabilities (whether for payment of money or performance of covenants), direct or indirect, absolute or contingent, which may from time to time be owing to FCC by the Obligants or any of them which are secured by any of the Existing Security, but which are not Secured Obligations;

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified;

"Applicable Law" means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law;

"Appraisal" means, with respect to any real property, an appraisal of such real property by an appraiser satisfactory to FCC, together with, if such appraisal has not been prepared for FCC and is not addressed to FCC, a transmittal letter from the appraiser confirming that the appraisal is valid and can be relied upon by FCC;

"Arm's Length Third Party" means any Person that would pursuant to the Income Tax Act (Canada), as amended from time to time, be considered to be dealing at arm's length with the party in question;

"ASPE" means Accounting Standards for Private Enterprises, in effect from time to time;

"Blended Payment" means, with respect to any Loan, any scheduled payment thereof required by this Agreement and consisting of both payment of interest on and repayment of principal of the Loan;

“Board” means, with respect to any Quota, the marketing board or other agency responsible for issuing, supervising or approving the transfer of such Quota;

“Borrowers” means, subject to Sections 1.3(b) and 1.10 of this Schedule, the Person or Persons specified as the Borrowers on page 1 of this Agreement and “Borrower” means any one of them;

“Borrowers’ Counsel Opinion” means one or more opinion letters of legal counsel for the Obligants (who shall be acceptable to FCC, acting reasonably) as to such matters relating to the Obligants, the Mortgaged Property and the Loan Documents as may be reasonably required by FCC, any such opinion letter to be addressed to FCC and FCC Counsel;

“Business Day” means a day, excluding Saturday and Sunday, on which FCC’s corporate offices in Regina, Saskatchewan are open for business;

“Business Entity” means any Person which is not a natural person, and for greater certainty shall include any partnership, limited partnership, limited liability partnership, limited liability company and trust;

“Canadian Dollars” or **“CAD”** or **“\$”** means the lawful currency of Canada;

“Canadian Real Property” means those lands set out in Schedule G;

“Capital Stock” means, with respect to any Person, any and all present and future shares, partnership or other interests, participations or other equivalent rights in the Person’s capital, however designated and whether voting or non-voting and any securities entitling the holders to acquire any such shares, interests or rights, including preferred stock, common shares and warrants to purchase any of the foregoing;

“Capital Lease” means, with respect to any Person, all obligations of such Person, as lessee, under agreements for the lease or rental of real or personal property that, in accordance with US GAAP, are required to be capitalized;

“Certificate of Officer” means a certificate of the president, Chief Financial Officer or other senior officer of an Obligant;

“Change of Ownership” means, with respect to any Obligant, the acquisition by any Person or groups of Persons, beneficially or otherwise (whether by purchase, exchange, merger, construction or otherwise), directly or indirectly, in one transaction or in a series of related transactions, of Capital Stock or the right to exercise rights with respect to Capital Stock of such Obligant and, with respect to any Obligant which is a general partnership or limited partnership, any Person which is a general partner thereof on the date hereof ceasing to be a general partner thereof or any Person which is not a general partner thereof on the date hereof becoming a general partner thereof;

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any Applicable Law by any Governmental Authority, whether or not, in each case, having the force of law;

“Chief Financial Officer” means the person responsible for reporting to the board of directors of an Obligant (or, if the Obligant is a limited partnership, the board of directors of the general partner of the Obligant) on the financial condition and performance of such Obligant or any person designated as such;

“Contingent Obligation” means, as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing, or otherwise providing any financial support in connection with, any indebtedness, liability or obligation of any second Person, or otherwise to assure or hold harmless any second Person against loss arising from any indebtedness, liability or obligation of a third

Person to such second Person;

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have corresponding meanings;

“Control Agreement” means an agreement in form and content satisfactory to FCC with respect to any Security or Capital Stock in other securities;

“Conversion Fee” means a fee specified by FCC in its sole discretion to be paid to FCC concurrently with the conversion of any Loan in accordance with the provisions of this Agreement;

“Core Business” means agri-business including without limitation, businesses related to or ancillary to the agricultural and food processing industries and the current operations of the Obligants and their Wholly-Owned Subsidiaries;

“Corporate Obligant” means any Obligant which is a Business Entity;

“Counterparty Acknowledgement” means, with respect to any contractual rights of an Obligant constituting Mortgaged Property, an agreement between FCC, such Obligant and each counterparty to such contract, in form and content satisfactory to FCC;

“Current Assets” means those assets which are determined to be current assets in accordance with US GAAP;

“Current Portion of Long Term Debt” means those debts which are determined to be long term debts in accordance with US GAAP excluding any liabilities relating to or arising from any leases;

“Current Liabilities” means those liabilities which are determined to be current liabilities in accordance with US GAAP;

“Default” means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including giving of any notice, passage of time, or both;

“Derivative Contract” means any interest rate swap, basis swap, forward rate transaction, currency hedging or swap transaction, cap transaction, floor transaction, collar transaction, future contract or other similar transaction or any option or derivative with respect to such a transaction, whether relating to interest rate, currencies, commodities or otherwise;

“Distributions” means all dividends or other distributions to shareholders, partners or other person (including for greater certainty all management fees), redemptions or repurchases of shares or units or repayment of any shareholders, partners or trustees loans or any other like payment to shareholders, partners or trustees, whether made in cash or by transfer of property;

“Environmental Activity” means any past, present or proposed future activity, event or circumstance in respect of a Hazardous Substance, including its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil, surface water or ground water;

“Environmental Laws” means any and all applicable federal, provincial, state, municipal or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and authorizations from time to time relating to the environment, occupational health or safety, the conservation, management protection or use of wildlife, natural resources, surface water or groundwater or any Environmental Activity;

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections or other similar proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including, without limitation:

- (a) any claim by a Governmental Authority for enforcement, clean up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and
- (b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Substances, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;

“Environmental Report” means, with respect to any of the Mortgaged Real Property, an environmental site investigation report in respect of such Mortgaged Real Property, prepared by an environmental consultant satisfactory to FCC, which shall include, among other things:

- (a) a Phase I environmental assessment of such Mortgaged Real Property or, if required by FCC, a Phase I and Phase II environmental assessment of such Mortgaged Real Property and if further required by FCC, such additional testing or investigation as it determines; and
- (b) details of any remediation required to permit such Mortgaged Real Property to be used for the business carried on thereon or such other purposes as to which such Mortgaged Real Property are used,

together with, if the report has not been prepared for FCC and is not addressed to FCC, a transmittal letter, in form acceptable to FCC, from the consultant confirming that the report has a liability amount of satisfactory to FCC and is valid and can be relied upon by FCC;

“Event of Default” means any event specified as an Event of Default in Section 5.1 of this Schedule and any other event specified in this Agreement or any other Loan Document as being an Event of Default;

“Existing Security” means the security documents described in Parts A and B of Schedule A that are described as being in existence as at the date of this Agreement;

“FCC Counsel” means Lawson Lundell LLP or such other counsel as FCC shall choose from time to time, together with all local counsel employed by such counsel;

“FCC Counsel Opinion” means one or more opinion letters of FCC Counsel to FCC with respect to such matters as FCC shall require;

“Financial Covenant Event of Default” means the breach of failure of any Obligor to perform any Financial Covenant;

“Financial Covenants” means, collectively, the covenants, if any, contained in Section 10.3 of this Agreement relating to the maintenance of certain financial ratios and/or certain financial conditions;

“Financial Statements” means, with respect to any Obligor, the financial statements of such Obligor, including annual financial statements and interim financial statements, each consisting of a balance sheet, statement of earnings, statement of retained earnings and a statement of cash flow for such year, together with the notes thereto, all prepared in accordance with US GAAP;

“Fixed Rate” means any fixed rate of interest specified in this Agreement with respect to any Loan, including any adjustment thereof pursuant to Schedule B;

“Fixed Rate Loan” means any Loan on which interest is payable at a Fixed Rate;

“Governmental Approval” means any authorization, permit, approval, grant, licence, consent, right, privilege, registration, filing, order, commitment, judgment, direction, ordinance, decree or like instrument or affirmation issued or granted by any Governmental Authority;

“Governmental Authority” means the government of Canada or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supranational bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency;

“Guarantors” means, subject to Sections 1.3(b) and 1.10 of this Schedule, each Person who provides a guarantee of or Security for any of the Secured Obligations, including any Person so described in Section 2 of this Agreement;

“Governing Law Province” has the meaning given to that term in Section 7.10 of this Schedule E;

“Hazardous Substance” means, without limitation, any pollutant, dangerous good, substance or material, liquid waste, industrial waste, hauled liquid waste, toxic good, substance or material, hazardous waste, hazardous good, substance or material or contaminant, including any of the foregoing as defined in or regulated by any Environmental Law and any barrel, drum, container, tank or other receptacle containing or formerly containing any of the foregoing;

“Indebtedness” means, with respect to any Person, without duplication, the aggregate of the following amounts, calculated in accordance with US GAAP:

- (a) all Indebtedness for Borrowed Money of such Person, including Contingent Obligations and other obligations with respect to bankers' acceptances, letters of credit and letters of guarantee;
- (b) all Purchase Money Obligations of such Person;
- (c) all obligations under synthetic leases or sale and leaseback transactions;
- (d) the aggregate amount at which any Capital Stock or other equity interests in such Person which are redeemable or retractable, whether mandatorily upon the occurrence of specified events or otherwise at the option of the holder thereof, may be retracted or redeemed; provided that FCC acknowledges and agrees to the existence of outstanding warrants to purchase 18,350,000 common shares in Village Farms International, Inc. which have an exercise price of USD 1.65; FCC understand that such warrants are exercisable beginning 6 months from issuance and will expire 5 years from the date of initial exercisability;
- (e) all indebtedness and obligations of other Persons secured by a Lien on any asset of such Person, whether or not such indebtedness or obligations are assumed by such Person, provided that the amount of such indebtedness and obligations, for the purposes of this definition, shall be the lesser of the fair market value of such asset at the date of determination and the amount of such indebtedness and obligations;
- (f) the Settlement Value of each Derivative Contract of such Person;
- (g) all liabilities upon which such Person customarily pays interest, not including trade payables incurred in the ordinary course of business; and
- (h) all Contingent Obligations of such Person;

and any other balance sheet debt, provided that shareholder or partnership loans that are postponed to FCC and deferred taxes shall not be treated as Debt;

"Indebtedness for Borrowed Money" means, with respect to any Person, at any time, all items outstanding which would, in accordance with US GAAP, be classified as a liability on a combined or consolidated balance sheet of such Person or in the notes thereto and which would be included in determining obligations in respect of borrowed money or in respect of any credit or credit facility extended to, or established in favour of, such Person and, to the extent not otherwise included pursuant to the preceding provisions of this definition shall include all Capital Leases and all Contingent Obligations of such Person with respect to borrowed money or credit or credit facilities any other Person to the extent such obligations are treated as a liability under US GAAP;

"Indemnatee" has the meaning assigned to such term in Section 6.2 in this Schedule;

"Information" has the meaning assigned to such term in Section 7.16 of this Schedule;

"Initial Advance Expiry Date" means, with respect to any Loan, the date, if any, specified in this Agreement as being the "Initial Advance Expiry Date" for such Loan;

"Insurance" means the policies of insurance, if any, to be maintained by the Obligants pursuant to Schedule A and all such additional policies of insurance as FCC may require the Obligants to maintain from time to time;

"Interest Adjustment Date" means, with respect to any Loan, the date, if any, specified as the "Interest Adjustment Date" for such Loan in Section 2 of this Agreement;

"Inventory" means, with respect to any Person, collectively all inventory of whatever kind now or hereafter owned by such Person and all increases, substitutes, replacements, additions, and accessions thereto and products thereof, including without limitation, all goods, merchandise, raw materials, goods in process, finished goods, packaging and packing material and other tangible personal property now or hereafter held for sale, lease, rental or resale or that are to be furnished under a contract of rental or service or that are to be used or consumed in the business of such Person;

"Investment" means any acquisition, directly or indirectly, of any Capital Stock or other interest in any Person or any assets of any Person;

"Jeff Davis Lands" means those lands described as the Jeff Davis Lands set out in Schedule H;

"Judgment Currency" has the meaning assigned to such term in Section 7.6 of this Schedule;

"Lien" means, with respect to any Mortgaged Property, any:

- (a) mortgage, hypothec, lien, pledge, charge, security interest or other encumbrance (including any lease or judgment) upon or with respect to such Mortgaged Property;
- (b) interest or title of any vendor, lessor, consignor, lender or other secured party, under any consignment, conditional sale or other title retention agreement or lease or otherwise, in such Mortgaged Property;
- (c) liens for Taxes and any liens, trusts or deemed trusts in favour of any Governmental Authority of any kind whatsoever, including those relating to any Taxes and/or any amounts withheld from employees' payrolls for remittance to a taxing authority;
- (d) interest in property comprising a right to purchase such property or a right of first refusal with respect to the sale of such property; or
- (e) interest in property which in substance secures payment or performance of an obligation

of any Person;

"Loan" means each credit facility made available under this Agreement and **"Loans"** means all such credit facilities, as set out in Section 2 of this Agreement;

"Loan Documents" means this Agreement, all present and future Security, and all other present and future agreements, documents, certificates and instruments delivered by any Obligor to FCC pursuant to or in respect of any such documents or any Loan, in each case as the same may from time to time be supplemented, amended or restated;

"Material Adverse Change" means a material adverse change in:

- (a) the business, operations, prospects, properties, assets or condition, financial or otherwise, of any Obligor, taken as a whole;
- (b) the ability of any Obligor to perform any of its obligations under any of the Loan Documents or to the Operating Lender under the credit agreement and/or facility letters governing the operating loan of VFCLP to Village Farms Canada LP; or
- (c) the priority, effectiveness or enforceability of any of the Loan Documents;

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, operations, prospects, properties, assets or condition, financial or otherwise, of any Obligor, taken as a whole;
- (b) the ability of any Obligor to perform any of its obligations under any of the Loan Documents;

"Maximum Permissible Rate" means, with respect to interest payable on any amount, the rate of interest on such amount that, if exceeded, could, under Applicable Law, result in (a) civil or criminal penalties being imposed on the payee or (b) the payee's being unable to enforce payment of (or, if collected, to retain) all or any part of such amount or the interest payable thereon;

"Mortgaged Property" means the property, whether real or personal, of the Obligors which is, or is expressed or intended to be, subject to the Liens of any of the Security;

"Mortgaged Real Property" means any Mortgaged Property which is real property or an interest in real property;

"New Security" means the security documents described in Parts C and D of Schedule A;

"Non-Disturbance Agreement" means, with respect to any Mortgaged Real Property which is leasehold property an agreement by the landlord of such real property in favour of FCC, in such form and content, and containing such provisions, as FCC shall require (such provisions may, in FCC's discretion, include, without limitation, a non-disturbance agreement, consent to FCC's Lien and waiver of any default arising therefrom, confirmation of good standing and absence of default, agreement to provide to FCC notice of and opportunity to cure defaults, agreement that FCC has no liability under lease except during the time that it is a mortgagee in possession, consent to assignment of lease by FCC as part of its enforcement of the Security and agreement to grant a replacement lease to FCC where the lease is cancelled due to bankruptcy, insolvency or some other condition which is not capable of cure by FCC);

"Obligor" means, subject to Sections 1.3 and 1.10 of this Schedule, each of the Borrower and the Guarantors and, for greater certainty, if any Obligor is a partnership or limited partnership, each of the general partners of such Obligor shall also be an Obligor;

“Operating Lender” means the lender that extends an operating loan or loans to one or more of the Borrowers against the security of such Borrower’s inventory and accounts receivable which as at the date of this Agreement will be Bank of Montreal;

“Operating Lender Security Interest” means the first priority Lien over the accounts receivable and inventory of any of the Borrowers and Guarantors and the second priority Lien over all other personal property of the Borrowers and the Guarantors, in favour of the Operating Lender (and for greater certainty, not any Liens over any of the Borrowers and Guarantors’ real property, including the Real Property);

“Original Currency” has the meaning assigned to such term in Section 7.6 of this Schedule E;

“Payment Date” means, with respect to any Loan, each date specified in this Agreement as a “Payment Date” for such Loan or a date upon which payment of principal of or interest on such Loan is to be made;

“Permit” means any Governmental Approval or other authorization, permit, approval, grant, licence, consent, right, privilege, registration, filing, order, commitment, judgment, direction or like instrument or affirmation issued or granted by any other Person required or desirable in connection with the ownership or charging by any Obligant of any of the Mortgaged Property, the operation of the business of any Obligant or its performance by any Obligant of any of its obligations under any of the Loan Documents;

“Permitted Disposition” means any sale, lease or other disposition by any Obligant or any Wholly-Owned Subsidiary of any Obligant of any of its business or property, in accordance with Applicable Law, where no Default or Event of Default has occurred and is continuing or would result from such disposition, by way of:

- (a) a disposition of Inventory in the ordinary course of business;
- (b) a disposition of real or personal property which is obsolete or no longer required for the business of the Obligant; or
- (c) a disposition to an Obligant;

in each case for disposition proceeds not less than fair market value and which proceeds are used, within 6 months to either acquire other assets for the Core Business of such Obligant or Subsidiary or are applied to permanent reduction of outstanding principal amounts of Secured Obligations or any other disposition consented to in writing by FCC or specifically authorized herein;

“Permitted Indebtedness” means the Secured Obligations, any other Indebtedness to FCC, any Permitted Operating Loan, any Permitted Purchase Money Obligation and any other Contingent Obligations and Indebtedness approved in writing by FCC from time to time, including for greater certainty an operating loan with the Operating Lender and any loans made to or received from Leli Holland B.V.

“Permitted Investment” means, with respect to any Obligant, an Investment in assets to be used in the Core Business of such Obligant or in the Capital Stock or other interest in a Person whose business is the same as the Core Business of such Obligant, in each case where, prior to the making of such Investment, the Obligant shall have provided to FCC such pro forma financial information as FCC may require that shows that, after such Investment, there will be no Default or Event of Default for the 4 fiscal quarters following such Investment;

“Permitted Liens” means, with respect to the Mortgaged Property of any Obligant:

- (a) Liens for Taxes, assessments or other governmental charges or obligations or Liens for carriers’, warehousemen’s, mechanics’, material-men’s, repairmen’s or other similar Liens arising in the ordinary course of business of such Obligant, in each case the payment of

which is not at the time due or delinquent or which are being contested at the time by such Obligant in good faith by proper legal proceedings if:

- (i) to the extent that such Liens relate to assets which are material to the business of such Obligant, such Liens do not materially interfere with the use of such assets by such Obligant or involve any immediate danger of the sale, forfeiture or loss of such assets; and
 - (ii) such Obligant has made adequate reserves with respect thereto in accordance with US GAAP;
- (b) undetermined or inchoate Liens incidental to current operations of such Obligant which have not at such time been filed pursuant to a law against such Obligant or which relate to obligations neither due nor delinquent;
- (c) Liens affecting Mortgaged Real Property, which are:
 - (i) title defects, encroachments, or irregularities of a minor nature;
 - (ii) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including, without restriction, rights of way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved by other Persons, and in each case to the extent that such encumbrances relate to real property that is material to the business of such Obligant, such Encumbrances do not materially interfere with the use of such real property of such Obligant; or
 - (iii) leasehold or license interests which relate to real property that is not otherwise required in the conduct of the business of such Obligant;
- (d) reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown;
- (e) Liens resulting from the deposit of cash or obligations as security when such Obligant is required to make such deposit by any Governmental Authority, or by any licenses or tenders or similar obligations, in each case in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law, provided that such Lien does not materially interfere with the assets or business of such Obligant;
- (f) public or statutory obligations which are not due or delinquent, and 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 business of such Obligant;
- (g) Liens securing any Permitted Operating Loan, which are subject to the terms of such Permitted Operating Loan Priority Agreement, if any, as may be required by FCC;
- (h) Permitted Purchase Money Liens;
- (i) Liens in favour of FCC;
- (j) Liens relating to the construction of the RNG Facility and for greater certainty, which the Borrowers represent and warrant unrelated to the Mortgaged Property;
- (k) Liens otherwise expressly permitted under this Agreement or consented to in writing by FCC;

“Permitted Operating Loan” means, with respect to any Obligant, an operating line of credit made available to such Obligant by a chartered Canadian bank, on terms and conditions satisfactory to FCC, where such bank has, if required by FCC, entered into a Permitted Operating Loan Priority Agreement;

“Permitted Operating Loan Priority Agreement” means a Subordination Agreement between, *inter alia*, FCC and the bank providing the Permitted Operating Loan which provides, *inter alia*, that the security held by such bank shall have priority over the Security with respect to Inventory, Accounts Receivable and other Mortgaged Property, if any, specified by FCC and that such bank’s security shall be subordinate in priority to the Security with respect to all other Mortgaged Property;

“Permitted Purchase Money Obligations” means all Purchase Money Obligations whose incurrence does not breach any restrictions under this Agreement on capital expenditures, the ownership of property or the carrying on of any particular business;

“Permitted Purchase Money Lien” means a Lien securing any Permitted Purchase Money Obligation (or any refinancing thereof) where such Lien is restricted to the property which is the subject of such Permitted Purchase Money Obligation;

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity;

“Potential Prior-Ranking Claims” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a Lien, pursuant to Applicable Law or otherwise, which ranks or is capable of ranking in priority to the Security or any of it or otherwise in priority to any claim for repayment of or any Lien securing payment or performance of any of the Secured;

“Presidio Leasehold Lands” means those lands described as the Presidio Leasehold Lands set out in Schedule H;

“Presidio Fee Lands” means those lands described as the Presidio Fee Lands set out in Schedule H;

“Pre-Authorized Payment Documents” means, with respect to any Loan, all such documents (including any provisions contained in this Agreement or any other agreement between FCC and the Borrower), including any voided cheque, as may be required by FCC to permit scheduled payments of principal or interest directly to FCC from an account maintained by the Borrowers at a financial institution;

“Purchase Money Obligations” means all indebtedness for the deferred purchase price of property or services, not including trade payables incurred in the ordinary course of business, including all indebtedness created, arising or secured under any conditional sale or other title retention agreement;

“Qualifying Accounting Firm” means any one of Pricewaterhouse Coopers, Deloitte Touche Tohmatsu Limited, KPMG LLP or Ernst & Young;

“Quota” means quota or other licences to hold, produce or sell livestock or agricultural products where the right to hold, produce or sell such products is subject to regulation by a marketing board or other agency, whether private or public;

“Quota Acknowledgement” means a notice and direction, executed by an Obligant who has created Security upon any Quota (whether by way of an assignment to FCC or of any other Lien in favour of FCC) advising the Board of, among other things, such Security, irrevocably directing the Board to provide FCC with written notice of any application to transfer any of the Quota, to obtain FCC’s prior written consent before authorizing or approving any further Lien on the Quota or any transfer thereof and to provide FCC with any and all surplus funds received by the Board from a transferee in the event the Board approves a transfer of any of the Quota and containing

such other provisions as FCC may require, which notice and direction shall be acknowledged by the Board; **"Related Parties"** means the directors, officers, employees, agents and advisors of FCC;

"Real Property" means together the Canadian Real Property and the US Real Property;

"Release" includes releasing discharging, spraying, injecting, inoculating, abandoning, depositing, spilling, leaking, leaching, seeping, pouring, emitting, emptying, throwing, dumping, placing, migrating, disposing, abandonment and exhausting;

"Repayable FCC Loans" means the loans, if any, which are to be repaid from the proceeds of one or more Loans, as described in Section 2;

"Representations and Warranties" means all representations and warranties made or deemed to be made from time to time by or on behalf of any Obligor pursuant this Schedule, this Agreement or any Loan Document;

"Restricted Payment" means any payment or declaration of payment by any Person:

- (a) of any dividends or other distributions on any of its Capital Stock or other equity interests;
- (b) on account of, or for the purpose of setting apart any property for a sinking or analogous fund or defeasance fund for, the purchase, redemption, retirement or other acquisition of any of its Capital Stock or other equity interests or any warrants, options or rights to acquire any such Capital Stock or other equity interests, or the making by such Person of any other distribution in respect of any of its Capital Stock or other equity interests; or
- (c) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any Indebtedness of such Person ranking in right of payment subordinate to any of the Secured Obligations;
- (d) on account of any Indebtedness to shareholders, directors, partners or (if a trust) beneficiaries of such Person;
- (e) by way of loan to any shareholder, director, partner or (if a trust) beneficiary of such Person or any other Person;
- (f) by way of any other capital withdrawal;
- (g) by way of salaries or bonus payments to any Persons including shareholders, directors, partners or (if a trust) beneficiaries of such Person; provided that Restricted Payments shall exclude salaries, bonuses or other payments made to directors in the ordinary course of the applicable Person's business;

other than Restricted Payments under (a), (d), (f) or (g), where the aggregate of all such Restricted Payments, in any fiscal year, does not exceed the amount of net income for such fiscal year, after repayment of the current portion of long term Indebtedness (including for greater certainty the principal portion of Capital Lease payments) and so long as, in any event no Default or Event of Default has occurred and is continuing or would arise as a result of such Restricted Payment;

"RNG Facility" means the production facility owned and operated by Terreva Renewables located on the Borrowers' property in Delta, B.C.;

"Sales Tax" means any goods and services tax, harmonized sales tax, value added tax, social services tax, sales tax or other similar Tax;

"Secured Obligations" means, collectively, all present and future obligations and liabilities

(whether for payment of money or performance of covenants), direct or indirect, absolute or contingent, which may from time to time be owing to FCC by the Obligants or any of them arising from or relating to:

- (a) the Loans, including all obligations and liabilities under any document or agreement evidencing or securing the Loans (including this Agreement, the Security and the other Loan Documents); or
- (b) any other loan or credit facility hereafter made available by FCC to the Borrowers, to the extent that it is agreed in a document or agreement evidencing such loan or credit facility that such obligations and liabilities will be secured, in whole or in part, by any of the Security;

"Security" means all security documents now or hereafter held by FCC for payment or performance of the Secured Obligations or any part thereof (including the Existing Security and the New Security) or otherwise required pursuant to this Agreement;

"Settlement Value" means the amount, if any, that would be required to be paid by a Person to the other party to a Derivative Contract as a result of such Person being "out of the money" on a mark to market valuation of the Derivative Contract;

"Subordination Agreement" means a priority, subordination and standstill agreement made between FCC and a counterparty holding or proposing to acquire security by way of any Lien over any of the Mortgaged Property, in form and content satisfactory to FCC;

"Subsidiary" means, with respect to any Obligants, any Business Entity in which Capital Stock carrying more than 50% of the voting rights of all Capital Stock of such Business Entity are beneficially owned, directly or indirectly, by one or more Obligants;

"Tangible Net Worth" mean

- (i) paid up capital, retained earnings and any indebtedness owed by the Borrowers to any of its shareholders or limited partners which has been assigned and postponed to FCC in a manner acceptable to FCC and its solicitors; and
- (ii) excludes the value of goodwill and any intangible assets; and
"intangible assets" shall include, without limitation, any prepaid expenses, deferred charges, investments or advances to or other indebtedness owed by:
 - (i) any Affiliates of the Borrowers;
 - (ii) any shareholders or limited partners (if applicable) of the Borrowers; or
 - (iii) any Affiliates of any shareholders of the Borrowers;

"Tax" includes all present and future taxes, rates, levies or assessments (ordinary or extraordinary), imposts, remittances, stamp taxes, royalties, duties, fees, dues, deductions, withholdings (whether payroll or otherwise), Sales Taxes or charges, added value charges, charges or taxes on capital or reserves, levied, assessed or imposed by any government or Governmental Authority, and any restrictions or conditions resulting in a tax and all penalty, interest and other payments on or in respect thereof;

"Unfinanced Capital Expenditures" means, with respect to any Person, the sum of all capital expenditures made by such Person during the applicable period, less the sum of the value of any trade-ins of capital property made in connection with such expenditures and the aggregate amount of such capital expenditures financed by long-term Indebtedness;

"US GAAP" means generally accepted accounting principles in the United States in effect and applicable to the accounting period in respect of which reference to US GAAP is made;

"US Real Property" means those lands set out in Schedule H;

"US Real Property Deeds of Trust" means the 4 deeds of trust being granted by Village Farms, L.P. to FCC charging the US Real Property, as set out in Schedule A;

"Ward County Lands" means those lands described as the Ward County Lands set out in Schedule H;"

"Variable Mortgage Rate" means the floating rate of interest determined by FCC from time to time as the interest rate to be applicable to floating rate loans secured by a mortgage of real property made by FCC and characterized as FCC's "Variable Mortgage Rate" (which rate, for greater certainty, is calculated semi-annually, not in advance) and as to which a certificate of an officer of FCC shall be conclusive evidence;

"Variable Personal Property Rate" means the floating rate of interest determined by FCC from time to time as the interest rate to be applicable to floating rate loans secured by a Lien on personal property made by FCC and characterized as FCC's "Variable Personal Property Rate" (which rate, in respect of any Loan, for greater certainty, is calculated on the basis of a period corresponding to the interest payment frequency of such Loan – e.g. if such loan is payable quarterly, such rate is calculated quarterly – not in advance) and as to which a certificate of an officer of FCC shall be conclusive evidence;

"Wholly-Owned Subsidiary" means, with respect to the Obligants, a Subsidiary in which Capital Stock carrying 100% of the voting rights of all Capital Stock of such Subsidiary are beneficially owned, directly or indirectly, by one or more Obligants.

1.2 References

Any reference made in this Agreement to:

- (a) "this Agreement" means this agreement, including the Schedules, as it and they may from time to time be supplemented or amended and in effect; and
- (b) "this Agreement", "herein", "hereof", "hereby", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section, Schedule or other provision hereof, and include any and every amendment, restatement, replacement, variation, supplement or novation hereof.

1.3 Terms Generally

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any Loan Document (including any agreement contained or referred to in a Schedule) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's heirs, successors and permitted assigns, (c) unless otherwise expressly stated, all references in this Agreement to Schedules shall be construed to refer to Schedules to this Agreement, (d) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, (e) the provisions of each Schedule shall constitute provisions of this Agreement as though repeated at length herein and (f) the words "assets" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, and (f) any reference to a corporate or partnership entity includes

and is also a reference to any corporate or partnership entity which is a successor thereto. The phrase "so long as this Agreement remains in effect" includes circumstances where any Event of Default has occurred and is continuing and any circumstances where no amounts are owing to FCC hereunder but FCC remains obligated to advance any unadvanced portion of a Loan. The computation of any time period referred to in any Loan Document, unless otherwise specifically provided, shall exclude the day of the occurrence of the event to which the period relates and shall include the last day of such period.

1.4 Accounting Terms

All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with US GAAP. All accounting terms specifically defined in this Agreement shall be interpreted in accordance with US GAAP to the extent that such interpretation is not inconsistent with such definition.

1.5 Business Days

Except as otherwise specifically provided herein, where this Agreement requires a payment to be made or a thing to be done on a day and such day is not a Business Day, then this Agreement shall be deemed to provide that such payment shall be made or such thing shall be done on the next Business Day provided that, if such next Business Day would be in a different month, then such payment shall be made or such thing shall be done on the next previous Business Day).

1.6 Loan Documents

The Loan Documents will be binding upon and will enure to the benefit of the parties thereto and their respective heirs, successors and permitted assigns.

1.7 Amendments

No Loan Document may be amended orally and any amendment may only be made by way of an instrument in writing signed by the parties to such Loan Document. The Obligants agree to make such amendments to the Loan Documents as may be reasonably requested by FCC to facilitate the granting by FCC of participation in or assignments of its interest in the Loan Documents, in whole or in part, provided that no such amendment shall have the effect of increasing any costs payable by the Obligants under the Loan Documents or increasing the obligations of the Obligant thereunder.

1.8 No Waiver or Consent

Neither any waiver by a party to any Loan Document of any provision, or the breach of any provision, of such Loan Document nor any consent by a party to any Loan Document given pursuant to the provisions of such Loan Document will be effective unless it is contained in a written instrument duly executed by such party. Such written waiver or consent, as the case may be, will affect only the matters specifically identified in the instrument granting the waiver or consent, as the case may be, and will not extend to any other matter, provision or breach.

1.9 Inconsistency

To the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and any other Loan Document, the provisions of this Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity. To the extent that there is any inconsistency or ambiguity between the provisions of the body of this Agreement and any Schedule, the provisions of the Schedule will govern to the extent necessary to eliminate such inconsistency or ambiguity.

1.10 Multiple Obligants

If more than one Person is the Borrower, each reference to the "Borrower" in any Loan Document shall be deemed to be a reference to, and the representations, warranties, covenants and obligations of the "Borrower" shall be deemed to be the joint and several representations, warranties, covenants and obligations of, all such Persons. If a Person who is a Borrower is a general partnership or limited partnership, each reference in any Loan Document to the "Borrower" shall be deemed to be a reference to, and the representations, warranties, covenants and obligations of such Borrower shall be deemed to be the joint and several representations, warranties, covenants and obligations of, such Person and each of its general partners. If a Person who is an Obligor is a general partnership or limited partnership, any reference in any Loan Document to such Obligor shall be deemed to be a reference to, and the representations, warranties, covenants and obligations of such Obligor shall be deemed to be the joint and several representations, warranties, covenants and obligations of each of such Person and each of its general partners.

1.11 Interest Act (Canada)

For the purposes of the Interest Act (Canada) where any rate of interest hereunder is calculated on the basis of a 360 day year, the annual rate to which such rate of interest is equivalent is such rate of interest, multiplied by the number of days in the annual period (being 365 or 366, as the case may be) and divided by 360.

1.12 Relationship of Parties

The provisions of the Loan Documents shall not create or be deemed to create any partnership, joint venture or other relationship between FCC and any Obligor, other than the relationship of lender, in the case of FCC, and borrower or guarantor, in the case of the Obligors.

1.13 Evidence of Secured Obligations

The records of FCC shall, absent manifest error, constitute conclusive evidence of the amount of the Secured Obligations from time to time.

1.14 Determinations by Obligor

Where any Loan Document requires an Obligor to make a determination or assessment of any event or circumstance or other matter to its knowledge or to the best of its knowledge, the Obligor shall make all inquiries and investigations as may be necessary or reasonable in the circumstances before making any such determination or assessment.

1.15 Certificates and Opinions

Where the delivery of a certificate or opinion is a condition precedent to the taking of any action by FCC under any Loan Document, the truth and accuracy of the facts and opinions stated in such certificate or opinion shall in each case be conditions precedent to the right of any Obligor to have such action taken and each statement of fact contained therein shall be deemed to be a representation and warrant by the Borrowers of the truth of such statement of fact for the purposes of this Agreement.

1.16 Accounting Practices

In the event of any change to US GAAP or in any change in elections made by any Obligor under US GAAP which, in any material respect, changes, results in a change in the method of calculation of or has an impact on any financial covenant, financial ratio or other term or provision

of any Loan Document, as determined by FCC acting reasonably, the Borrowers will, at the request of FCC, negotiate in good faith to revise (if applicable) such covenant, ratio, term or provision and the Obligors shall execute and deliver all such documents and do all such things as may be necessary to give effect to any revision agreed to by the Borrowers and FCC. If the

Borrowers and FCC are unable to agree upon revision, the Obligants shall continue to provide Financial Statements, certificates and other information required under the Loan Documents in accordance with US GAAP as it existed on the date of this Agreement and any such covenant, ratio, term or provision shall continue to be interpreted in accordance with US GAAP as it existed on the date of this Agreement.

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent to Initial Advance

The obligation of FCC to make the initial advance under any Loan is conditional upon satisfaction, or waiver by FCC, of the following conditions as of the date of such advance:

- (a) FCC shall have received all of the documents specified in Section 2.2 of this Schedule;
- (b) FCC shall have reviewed and been satisfied with and, where required by FCC, FCC Counsel shall have reviewed and approved:
 - (i) copies of all policies of Insurance then required to be maintained hereunder (including satisfaction as to the amounts, terms and coverage provided thereby including business interruption, fire, theft, course of construction and third party liability coverages); and
 - (ii) all such other or supporting documents and information as FCC shall reasonably require;
- (c) all other conditions precedent to such initial advance contained in this Agreement shall have been satisfied or waived by FCC;
- (d) FCC shall be satisfied that no Material Adverse Change, or any event of circumstance which could reasonably be expected to have a Material Adverse Change, shall have occurred and be continuing and shall have received a Certificate of Officer from the Borrower to that effect; and
- (e) where this Agreement specifies an Initial Advance Expiry Date, the date of such initial Advance occurs on or before such Initial Advance Expiry Date.

2.2 Delivery of Documents

It shall be a condition precedent to the initial Advance under any Loan that FCC shall have received the following in form and content satisfactory to FCC:

- (a) this Agreement, all Security (except the Security, if any, which Schedule A specifies may be delivered after the initial advance) and all other required Loan Documents, executed by all parties thereto;
- (b) certified copies of the constating documents of each Corporate Obligor (in the case of any Obligor which is a partnership, being the partnership agreement, as amended);
- (c) a certificate of good standing issued by the jurisdiction of incorporation or formation of each Corporate Obligor and of each other jurisdiction in which it required to be registered to carry on business or to own property;
- (d) a Certificate of Officer of each Corporate Obligor certifying as to incumbency and other corporate matters, the solvency of such Corporate Obligor, the state of any claims against such Corporate Obligor, the granting of certain security as being in the best interests of such Corporate Obligor and other matters as may be required by FCC and FCC Counsel;

- (e) a Certificate of Officer of each Borrower, certifying such matters as FCC shall require;
- (f) certified copies of all appropriate proceedings of each Corporate Obligant authorizing the execution and delivery of the Loan Documents to which it is a party and performance thereunder;
- (g) the Borrowers' Counsel Opinion;
- (h) the FCC Counsel Opinion;
- (i) copies of all policies of Insurance then required to be maintained hereunder (including satisfaction as to the amounts, terms and coverage provided thereby including business interruption, fire, theft, course of construction and third party liability coverages);
- (j) a direction to pay with respect to the proceeds of the advance;
- (k) discharges and releases of all Liens on all of the Mortgaged Property which are not Permitted Liens or, where payment of the amounts secured by such Liens are to be paid from the initial Advance, evidence that such Liens will be discharged and released from the proceeds of the initial Advance;
- (l) copies of all Permits, consents, waivers or approvals of any Person which may be required to permit the Obligants to execute and deliver any of the Loan Documents or to perform their obligations thereunder or to ensure the enforceability or priority of any Lien of the Loan Documents, executed by all parties thereto; and
- (m) all such other or supporting information, certificates, documents, consents or opinions as FCC shall reasonably require.

2.3 Conditions Precedent to All Advances

It shall be a further condition precedent to the initial and each and every subsequent Advance under each Loan that:

- (a) no Event of Default or Default shall have occurred and be continuing;
- (b) no injunction or order of any Governmental Authority of competent jurisdiction shall be in effect prohibiting the transactions between the parties contemplated by the Loan Documents and no actions or proceedings shall have been instituted by any Person and remain pending before any Governmental Authority to restrain or prohibit the transactions contemplated by the Loan Documents;
- (c) the Representations and Warranties shall be true and correct in all material respects on the date of such Advance;
- (d) FCC shall have received evidence satisfactory to it that all fees and other amounts (including all billed fees and disbursements of FCC Counsel and other advisers) payable by the Borrowers hereunder have been paid or will be paid from the proceeds of the Advance;
- (e) any other condition precedent to such Advance specified in this Agreement shall have been satisfied;
- (f) the Borrowers shall have delivered to FCC any direction to pay required by FCC in respect of such Advance;
- (g) FCC shall have received evidence satisfactory to it that all conditions precedent to the initial advance remain satisfied or waived by FCC; and

- (h) all additional Security then required by Schedule A shall have been executed and delivered by the parties thereto and the provisions of Section 2.1(b) of this Schedule shall have been satisfied with respect thereto as if such additional Security were required for the initial advance.

2.4 Waiver

The conditions set forth in this Section 2 are for the sole benefit of FCC. FCC may, at its discretion, waive or agree to delay the performance of any such condition, in whole or in part (with or without terms or conditions) and any such waiver or agreement shall be without prejudice to the right of FCC, at any time to assert such waived conditions in respect of any subsequent advance.

3. REPRESENTATIONS AND WARRANTIES

3.1 Obligants' Representations and Warranties

Each Obligant (with respect to itself and to the extent that each representation and warranty below purports to relate to it) represents and warrants to FCC (and acknowledges that FCC is relying upon such representations and warranties) that:

- (a) Status of Corporate Obligants: each of the Corporate Obligants:
 - (i) if a corporation, is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and is up-to-date in all filings required to maintain such existence under the Applicable Law of such jurisdiction;
 - (ii) if a general partnership or limited partnership, is a general partnership or limited partnership, as the case may be, duly formed and validly existing under the laws of the jurisdiction of its formation, and is up-to-date in all filings required to maintain such existence under the Applicable Law of such jurisdiction; and
 - (iii) if a trust, is a trust duly organized and validly existing under the laws of the jurisdiction of its organization, and is up-to-date in all filings required to maintain such existence under the Applicable Law of such jurisdiction
- (b) Registrations: each of the Obligants has obtained all licences and effected all registrations necessary or appropriate to the carrying on of its business and the ownership of its assets in British Columbia and in all other jurisdictions in which it carries on business or owns assets;
- (c) Power / Business: each Corporate Obligant has all requisite power and capacity to carry on its business as now conducted and as now proposed to be conducted, to own its assets, to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder;
- (d) Valid Authorization: each of the Loan Documents to which an Obligant is a party has been (or will be as of the date on which it is required to be executed and delivered) duly and validly authorized, in the case of each Corporate Obligant, and executed and delivered, in the case of each Obligant;
- (e) Validity and Enforceability: each of the Loan Documents constitutes, or when executed and delivered will constitute, a legal, valid and binding obligation of the each Obligant which is a party thereto, enforceable against such Obligant in accordance with its terms subject to:
 - (i) bankruptcy, insolvency and other laws affecting the rights of creditors generally; and

- (ii) the discretionary nature of equitable remedies;
- (f) Conflict with Other Agreements or Applicable Laws: neither the execution and delivery of the Loan Documents or any other document contemplated therein by any Obligant, nor performance in accordance therewith, constitutes or will constitute a breach of or default under, or results or will result in the creation of any Lien (other than in favour of FCC pursuant to the Security or the Operating Lender Security Interest) under:
 - (i) any Applicable Law;
 - (ii) the constating documents of such Obligant, if a Corporate Obligant; or
 - (iii) any agreement or instrument to which such Obligant is a party or by which any of its property is bound,

except where the failure to do so would not have a Material Adverse Effect;
- (g) Consents and Approvals: each Obligant has (or will have on the date of the first Advance and at all times thereafter) obtained all necessary Permits and other consents, approvals, authorizations and waivers by third parties as may be required to permit it to execute and deliver the Loan Documents to which it is a party and all documents contemplated thereunder to which it is or will become a party and to perform all its obligations and liabilities thereunder in accordance therewith;
- (h) Compliance with Applicable Law: each Obligant is in compliance with all terms of its constating documents and Applicable Law applicable to it, except for non-compliance which has not and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (i) Good Title: each Obligant has good and marketable legal and beneficial title to its Mortgaged Property (other than leasehold property), free and clear of all Liens or demands whatsoever, other than Permitted Liens, and, except as provided in Permitted Liens with respect to property and assets subject to such Permitted Liens, no Person has any agreement or right to acquire any of such property or assets;
- (j) Leasehold Property: each Obligant has good legal and beneficial leasehold title, free and clear of all Liens or demands whatsoever, except for Permitted Liens, to all of its leased properties forming part of the Mortgaged Property and has not made any default in the performance of any of the terms or provisions of any of its leases or documents which would entitle any of the lessors thereunder or other parties thereto to terminate any of the leases or documents or which would render it liable for damages;
- (k) Business Licences: each Obligant has (and is in material compliance with all of the terms, conditions and requirements to be complied with under) all leases, licences, Permits and consents as are required for the due carrying on of its business comprising the Mortgaged Property in the manner in which it is carried on and to fulfil its obligations under the Loan Documents to which it is a party and all such leases, licences, Permits and consents are in good standing and in full force and effect and no proceedings relating thereto are pending or known to be threatened, other than proceedings which, individually and in aggregate, could not reasonably be expected to cause or give rise to a Material Adverse Change;
- (l) Litigation: except as disclosed in writing to FCC, there are:
 - (i) no actions or proceedings pending (including appeals or applications for review), or to the knowledge of the Obligant threatened, before any court, arbitrator,

administrative agency, referee or Governmental Authority against any Obligant in respect of any of its respective property, other than actions or proceedings which, if determined against such Obligant, would not, individually or in aggregate, reasonably be expected to give rise to a Material Adverse Change; and

- (ii) no pending or threatened labour controversies, other than labour controversies, which, if settled or determined against any Obligant, would, individually or in aggregate, reasonably be expected to give rise to a Material Adverse Change;
- (m) No Defaults: no Default or Event of Default has occurred and is continuing or would arise by virtue of any Advance currently requested by the Borrowers;
- (n) No Misstatement of Material Facts: neither the Financial Statements nor any other statement, report or information furnished to FCC by or on behalf of any Obligant, whether pursuant to this Agreement or any other Loan Document or in connection with the negotiation contemplated hereby, taken as a whole, contain, as at the time such statements or reports were furnished, any untrue statement of a material fact or any omission of a material fact necessary to make the statements contained therein not materially misleading, and all such statements and reports, taken as a whole, together with this Agreement do not contain any untrue statement of material fact or omit a material fact necessary to make the statements contained therein not materially misleading. There is no fact which the Obligants have not disclosed to FCC in writing which has a Material Adverse Effect on any Obligant or any Wholly-Owned Subsidiary of any Obligant;
- (o) Financial Statements: all Financial Statements of the Obligants delivered to FCC (including any financial statements of any Obligant delivered to FCC prior to the execution and delivery of the Agreement) fairly reflect the financial condition of the relevant Obligants as at the respective dates thereof;
- (p) Filing of Returns and Payment of Tax: each Obligant has filed on a timely basis with the appropriate Governmental Authorities all Tax and other returns and reports that were required to be filed and has or will have made timely payments of all Taxes due and payable in respect of such returns and reports save and except for Taxes for which such Obligant, has made appropriate reserves for payment and is contesting or causing to be contested, diligently and in good faith, the existence, amount or validity of any such Taxes by appropriate proceedings which will prevent the enforcement thereof against such Obligant, or against any Mortgaged Property and prevent the sale, forfeiture or loss of any Mortgaged Property and there are no actions, suits, proceedings, investigations or claims now threatened or pending against any Obligant which, if not resolved in favour of such Obligant, would result in a material liability of such Obligant in respect of Taxes or any matters under discussion with any Governmental Authority relating to Taxes asserted by any such Governmental Authority which, if not resolved in favour of such Obligant, would result in a material liability of such Obligant;
- (q) Statutory Liens: each Obligant has remitted on a timely basis all amounts required to have been withheld and remitted to Governmental Authorities which if not remitted when due could result in the creation of a Lien, other than a Permitted Lien, against any of the Mortgaged Property, including withholdings from employee wages and salaries relating to income tax, employment insurance and Canada Pension Plan contributions and any Sales Tax;
- (r) Environmental Compliance: the Obligants and their respective businesses relating to any Mortgaged Property (including all property leased by the Obligants), comply in all material respects with all Environmental Laws, each of the Obligants holds all material Permits required in connection with such businesses and Mortgaged Property pursuant to Environmental Law and, each Obligant has maintained all environmental and operating

documents and records relating to the Mortgaged Property owned by it required by, and in compliance with, all applicable Environmental Laws. To the knowledge of the Borrowers there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by any Obligant including, without limitation, the Real Property, that, singly or in the aggregate, have or may reasonably be expected to have, a Material Adverse Effect.

- (s) No Release: except as disclosed in writing to FCC:
 - (i) each Obligant, having made diligent inquiry with respect thereto, has no knowledge of the occurrence of any Release, other than in compliance in all material respects with Environmental Laws, into or upon the air, soil, surface water, groundwater, buildings, sewer or septic systems or water treatment, storage or disposal systems of any Hazardous Substance at or from any Mortgaged Property owned by it prior to the acquisition of such Mortgaged Property by such Obligant and no such Release has occurred after the acquisition of the such Mortgaged Property by such Obligant that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect;
 - (ii) no Obligant has used any Mortgaged Property, or permitted any Mortgaged Property to be used, to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance in all material respects with all Environmental laws;
 - (iii) to the knowledge of each Obligant, having made diligent inquiry with respect thereto, none of the Mortgaged Property owned by such Obligant has been used for, and has not been designated as, a waste disposal site;
 - (iv) no Obligant or any of their Wholly-Owned Subsidiaries has received any written notice under any Environmental Law or from any Person alleging or claiming a breach or potential breach of Environmental Laws with respect to any Mortgaged Property and has no knowledge of any facts which would give rise to any such allegation or claim;
 - (v) to the knowledge of each Obligant, having made diligent inquiry with respect thereto, there are no conditions relating to or affecting any of the Mortgaged Property owned by such Obligant that directly or indirectly relate to environmental matters or the conditions of the soil, air, surface water or groundwater, other than conditions which, individually and in aggregate, are not reasonably likely to give rise to a Material Adverse Change with respect to such Obligant; and
 - (vi) each Obligant has provided to FCC copies of all material analysis, monitoring data and reports pertaining to any environmental assessments audits, inspections, investigations or tests relating the Mortgaged Property owned by it which are known to such Obligant, having made diligent inquiry with respect thereto;
- (t) Insurance: each Obligant has obtained all Insurance, has delivered particulars of all such Insurance policies to FCC and is in compliance in all material respects with all provisions of such policies;
- (u) Pension Plans: all pension and benefit plans maintained by any Obligant are in good standing and no steps have been taken to terminate any such plan. All premiums contributions and other amounts required to be paid or accrued with respect to any such plan under its terms, Applicable Law or any agreement have be paid or accrued as required;
- (v) Security: each of the Security constitutes a valid and perfected first priority (subject only to Permitted Liens) Lien on its respective Mortgaged Property;

- (w) Places of Business: except as disclosed in writing to FCC prior to the date hereof, the chief place of business, the chief executive office, the head office and the registered office of each Obligant is situate in the location specified in the address of the Borrowers on the first page of this Agreement;
- (x) Wholly-Owned Subsidiaries: as at the date hereof, no Obligant has any active Wholly-Owned Subsidiary other than those which are Obligants nor has any Obligant entered into any agreement to acquire, directly or indirectly, Capital Stock of any Person where such acquisition would result in such Person becoming a Wholly-Owned Subsidiary of an Obligant (with the exception of Balance Health Botanicals, LLC, Village Fields Hemp USA LLC, Pure Sunfarms Corp., Rose Lifescience Inc., Leli Holland B.V. and Altum International Pty Ltd.);
- (y) Employee Claims: there are no claims against any Obligant, brought by such Obligant's employees, arising from salary or benefits, which would rank *pari passu* with, or prior to, the charges created pursuant to the Security; and
- (z) Organizational Chart: Schedule I is an accurate and complete organizational chart with respect to the Borrowers and the other Obligants, its issued and outstanding shares or units and the beneficial ownership thereof.

4. COVENANTS

4.1 Obligant Covenants

Each Obligant covenants with and in favour of FCC to:

- (a) Punctual Payment: duly and punctually pay or cause to be paid all the Secured Obligations on the dates and at the places and in the manner set forth in the Loan Documents;
- (b) Perform Covenants: observe and perform all of the covenants, agreements, terms and conditions to be observed and performed by such Obligant in:
 - (i) the Loan Documents to which such Obligant is a party;
 - (ii) any agreement to which such Obligant is a party which is, or relates to property which is, charged by the Lien of any of the Security; and
 - (iii) any other agreement to which such Obligant is a party where any failure by the Obligant to so observe and perform has or could reasonably be expected to have a Material Adverse Change;

and shall forthwith upon receipt provide to FCC copies of any written communications delivered to it by any Person alleging any default under or threatening the exercise of any remedy with respect to any agreement described in clauses (ii) or (iii);

- (c) Further Assurances: forthwith upon request of FCC, execute and deliver all such deeds and other documents and do all such things which are necessary or desirable to make valid and enforceable the Loan Documents to which it is or becomes a party, including all such actions as may be required by FCC to comply with all applicable land title or personal property security legislation to ensure the validity or enforceability of any Security, to establish or protect the priority of any Security or to ensure that such Security secures payment and performance of all Secured Obligations required to be secured thereby;
- (d) Notices: provide to FCC, forthwith upon becoming aware of same, notice of the occurrence of:
 - (i) any Default or Event of Default together with particulars of all action being

taken to remedy same;

- (ii) receipt of any notice of expropriation with respect to any of the Mortgaged Property;
 - (iii) any breach of any Applicable Law (including without limitation applicable Environmental) by such Obligor or any other Person which might reasonably be expected to cause a Material Adverse Change;
 - (iv) the commencement (or any written threat to commence) any claim, proceeding or litigation against an Obligor or in respect of any of the Mortgaged Property which might reasonably be expected to cause a Material Adverse Change, whether or not any such claim, proceeding or litigation is covered by insurance;
 - (v) such Obligor having knowledge of any of the Mortgaged Property becoming subject to any Lien, other than a Permitted Lien; and
 - (vi) any Material Adverse Change;
- (e) Notices of Actions or Litigation: forthwith upon becoming aware of same, notify, and cause each other Obligor to notify, FCC of the particulars of any action or proceeding pending or threatened before any Governmental Authority against any Obligor or any Mortgaged Property (including, whether or not before a Governmental Authority, the receipt of any notice that a violation of any Environmental Law has or may have been committed or is about to be committed in respect of any Mortgaged Property, any notice that a complaint, proceeding or order has been or is about to be filed alleging a violation of any Environmental Law with respect to any Mortgaged Property or any notice requiring any Obligor to take any action in connection with a Release of a Hazardous Substance on or from any Mortgaged Property or alleging that any Obligor may be liable for responsible for costs associated with a response to or to clean up a Release of a Hazardous Substance on or from any Mortgaged Property) which, if determined adversely, would reasonably be expected to result in a Material Adverse Change, together with particulars of the actions proposed to be taken with respect to same, and from time to time and at any time upon request by FCC provide to FCC updated particulars with respect to such action, proceeding or controversy and the steps taken with respect to same;
- (f) Conduct of Business: carry on and conduct (and cause each of its Subsidiaries to carry on and conduct) its business in a proper and efficient manner, without any material adverse changes thereto, in compliance with all Applicable Law (including without limitation all applicable Environmental Law), keep (and cause each of its Subsidiaries to keep) proper books of account, make or cause to be made (and cause each of its Subsidiaries to make or cause to be made) therein true and faithful entries of all of the dealings and transactions, all in accordance with US GAAP and ensure (and cause each of its Subsidiaries to ensure) that all Financial Statements furnished to FCC fairly present the financial condition and the results of the operations of the relevant Obligor or Subsidiary in respect of the time period specified therein and that all other financial information, certificates, schedules, reports and other papers and data furnished to FCC will be accurate and complete in all material respects;
- (g) Payment of Taxes: pay or cause to be paid when due all Taxes imposed upon it, pay, cause to be paid or make provision for payment when due of all Potential Prior-Ranking Claims and provide to FCC, forthwith on its request, evidence of any such payment or provision;
- (h) Existence: maintain, and to cause each Corporate Obligor to maintain, its corporate (or

other) existence and all licences and registrations as referred to in Sections 3.1(a) and 3.1(b) of this Schedule;

- (i) **Maintain Property:** maintain, preserve, protect and keep its Mortgaged Property in reasonable repair, working order and condition, make all necessary and proper repairs, renewals and replacements to its Mortgaged Property to permit its business comprising the Mortgaged Property to be properly conducted at all times and to maintain its title to or other interest in its Mortgaged Property (save for Permitted Dispositions);
- (j) **Maintain Existence and Licences:** maintain:
 - (i) all licences, leases, consents, rights and Permits which are necessary or desirable to carry on its business comprising the Mortgaged Property and to obtain such renewals thereof and obtain such additional licences, leases, consents, rights and Permits as may be necessary or desirable to the carrying on of its business comprising the Mortgaged Property;
 - (ii) If a Corporate Obligant, maintain its existence, filings and registrations described in Sections 3.1(a) and 3.1(b) of this Schedule
- (k) **Environmental Law:** in relation to any Hazardous Substance, Environmental Activity or Environmental Law:
 - (i) cause any Hazardous Substance brought onto, stored or used by any Person on any Mortgaged Property to be transported, used, stored and disposed of in material compliance with all applicable Environmental Laws (and, in any event, in compliance to the extent that any non-compliance, whether alone or in combination with any other non-compliance, does not and will not with the passage of time give rise to a Material Adverse Change with respect to any Obligant);
 - (ii) promptly notify FCC, as soon as it knows of or suspects that any Hazardous Substance (other than in the normal course of its business and in material compliance with Environmental Laws (and, in any event, in compliance to the extent that any non-compliance, whether alone or in combination other non-compliance, does not and will not with the passage of time give rise to a Material Adverse Change with respect to any Obligant)) has been brought onto any of the Mortgaged Property or that there is any actual or threatened Release of any Hazardous Substance (other than in the normal course of its business and in material compliance with Environmental Laws (and, in any event, in compliance to the extent that any non-compliance does not and will not with the passage of time give rise to a Material Adverse Change with respect to any Obligant)) on, from or under any of the Mortgaged Property or into the environment;
 - (iii) otherwise comply in all material respects with all Environmental Laws applicable to its business (including the Mortgaged Property owned by it) and satisfy and perform any and all liabilities and obligations arising under any Environmental Law relating to such business, or Mortgaged Property or for otherwise failing to comply with any Environmental Law including any liability for the clean-up of any Hazardous Substance on, under or emanating from such business, or any such lands used in such business;
 - (iv) to furnish such information and such environmental audits and studies with respect to the Mortgaged Property as FCC may reasonably request from time to time, such audits or studies to be prepared by an engineer or environmental consultant satisfactory to FCC, acting reasonably; without limiting the generality of the foregoing permit FCC and its agents access to the Mortgaged Property at all reasonable times for the purpose of conducting, at the expense of the Obligant, such environmental assessments as FCC may reasonably require from time to time;

- (v) maintain at all times such reserves on its accounting records and financial statements in respect of liabilities under Environmental Laws as may be required by US GAAP;
- (l) Insurance: that while any portion of the Secured Obligations remains outstanding, maintain and comply with all of the Insurance, with such changes from time to time as FCC may require, to maintain FCC as first mortgagee and first loss payee under all such Insurance (other than third party liability insurance, in respect of which FCC shall be named as an additional insured, or as otherwise specifically provided herein) and take all action as may be necessary from time to time to permit FCC to receive any payments under such Insurance (it being agreed that all proceeds of insurance payments received by FCC may, in the sole discretion of FCC, be remitted by FCC, in whole or in part, to the relevant Obligor (subject to any conditions imposed by FCC regarding the repair or replacement of the relevant Mortgaged Property and the charging of any replacement Mortgaged Property under the Security) or applied by FCC, in whole or in part, to such portion of the Secured Obligations as FCC may determine;
- (m) Insurance Proceeds: except for any further insurance proceeds arising from the May 31, 2012 storm (the “**2012 Storm**”) in Texas relating to business interruption only which shall not need to be remitted to FCC, any physical damage insurance proceeds arising from the damage or destruction of any assets of any Obligor shall be paid to FCC to be applied as a prepayment of Indebtedness owing under the Loan (and which for greater certainty shall include any additional physical damage insurance proceeds in respect of the 2012 Storm). FCC acknowledges that the Borrowers may request that the physical damage insurance proceeds be utilized to rebuild damaged facilities (be they from the 2012 Storm or otherwise), and which request, if made, will be considered by FCC, without obligation;
- (n) Rights of Inspection: permit from time to time, as reasonably requested by FCC, any Person or Persons designated by FCC to visit, inspect and have access to any of its property and to examine and make copies of its books and financial records and to discuss and explain (or, in the case of a Corporate Obligor, cause its Chief Financial Officer or other senior officer or financial adviser to discuss and explain) any of its affairs, business, finances and accounts;
- (o) Consents: if the scheduled delivery of any consent, waiver, approval or Permit contemplated by this Agreement is waived by FCC, forthwith commence and thereafter diligently continue to use all reasonable commercial efforts to obtain and deliver to FCC such consent, waiver, approval or permit.;
- (p) Sale of Mortgaged Property: except as otherwise agreed in writing by FCC, apply all net proceeds from the sale of Mortgaged Property (other than the sale of Inventory in the ordinary course of business) to repayment such portions of the Secured Obligations as may be specified by FCC, in compliance with all applicable provisions herein relating to prepayments.

4.2 Borrowers’ Covenants

Each Borrower covenants with and in favour of FCC to:

- (a) Use of Loan: utilize the Loan only for the purposes specified in this Agreement;
- (b) Update Pre-Authorized Payment Documents: execute all documents and do all such things as may be required from time to time to ensure that all Pre-Authorized Payment Documents necessary to ensure payment of all scheduled Secured Obligations have been delivered to FCC;
- (c) Guarantors: where any Loan Document requires the performance of a covenant or obligation by a Guarantor who is not a party to such Loan Document, cause such Guarantor

to perform such covenant or obligation.

4.3 Performance by FCC

If, in the reasonable opinion of FCC, any Obligant fails to perform any obligation under:

- (a) any Loan Document; or
- (b) any other agreement to which such Obligant is a party or by which any of its Mortgaged Property is bound, where such failure to perform will have given rise to a Material Adverse Change;

then, notwithstanding any dispute by any Obligant as to the existence or effect of such failure, FCC may, but shall not be obliged to, perform such obligation and the Obligants shall take all necessary steps to permit and expedite such performance by FCC (including without limitation providing FCC access to any of their property necessary to permit such performance). The Borrowers shall pay to FCC, forthwith on demand, all costs and expenses (including legal costs) incurred by FCC in connection with such performance, together with interest, from the date of incurrence of such costs and expenses to the date of payment by the Borrowers, at the rate specified in Section 5.4 of this Agreement. No such performance by FCC shall constitute a waiver by FCC of any Default or Event of Default arising from any such failure to perform by any Obligant.

5. EVENTS OF DEFAULT

5.1 Events of Default

Upon the occurrence of any one or more of the following events (each an “**Event of Default**”) and without limiting any other provision of this Agreement:

- (a) Non-Payment of Principal: the non-payment by the Borrowers within (2) Business Days when due of any payment of principal of the Loan;
- (b) Other Non-Payment: the non-payment by the Borrowers within five days when due of any payment of any other Secured Obligation, where such non-payment continues for five Business Days;
- (c) Certain Breaches: the occurrence of any Financial Covenant Event of Default or the breach or failure of due performance by any Obligant of any covenant or provision contained in Section 4.2 of this Schedule or any Section of this Agreement entitled “Negative Covenants”;
- (d) Other Breach: the breach or failure of due performance by any Obligant of any covenant or provision of any Loan Document, other than those dealt with in paragraphs (a) to (c), and, where such breach or failure is capable of remedy, such breach or failure is not remedied within 30 days by such Obligant after the earlier of such Obligant (or, in the case of a Corporate Obligant, a senior officer of such Corporate Obligant) becoming aware of such breach or failure and written notice to do so by FCC;
- (e) Winding-Up: the commencement of proceedings for the dissolution, liquidation or winding-up of any Corporate Obligant or for the suspension of the operations of any Obligant;
- (f) Bankruptcy and Insolvency: any Obligant or any Wholly-Owned Subsidiary of any Obligant is adjudged or declared bankrupt or insolvent or makes an assignment for the benefit of creditors, or petitions or applies to any tribunal for the appointment of a receiver, receiver manager, custodian, interim receiver, custodian, sequestrator, trustee, trustee in bankruptcy or any Person with similar powers in respect of it or any substantial part of its property, or commences any proceedings relating to it or any part of the Mortgaged Property or any substantial part of its property under any bankruptcy, insolvency,

reorganization, proposal or arrangement with creditors, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect, or by any act (including without limitation any corporate action to authorize such proceeding) or failure to act indicates its consent to, approval of, or acquiescence in, any such proceeding for it or for any of the Mortgaged Property or any substantial part of its property;

- (g) Cross- Default: if the Borrowers or any other Obligor shall default under or any other credit facility, loan or security agreement with FCC or with the Operating Lender or any other lender, under one or more of the Borrowers' operating loan with such lender;
- (h) Execution, Distress: if any execution, sequestration, distress or other similar process of any court shall become enforceable against an Obligor or any Wholly-Owned Subsidiary of any Obligor having a value in any case of in excess of \$250,000 USD;
- (i) Involuntary Bankruptcy and Insolvency Proceedings: any proceedings or other action is commenced:

- (i) for the appointment of a receiver, receiver manager, custodian, interim receiver, custodian, sequestrator, trustee, trustee in bankruptcy or any Person with similar powers in respect of any Obligor or a Wholly-Owned Subsidiary of any Obligor or any of the Mortgaged Property or any substantial part of the property of any Obligor or Wholly-Owned Subsidiary of any Obligor; or
 - (ii) relating to any Obligor or Wholly-Owned Subsidiary of any Obligor or any of the Mortgaged Property or any substantial part of the property of any Obligor or any Wholly-Owned Subsidiary of any Obligor under any bankruptcy, insolvency, reorganization, proposal or arrangement with creditors, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction whether now or hereafter in effect;

and:

- (iii) such proceedings or action results in any entry of a decree or an order for such relief or any such adjudication or appointment; or
 - (iv) such proceedings or action shall continue, undismissed or unstayed and in effect, for any period of 15 Business Days;
 - (j) Appointment of Receiver, etc.: any receiver, receiver and manager, receiver-manager, custodian, liquidator or trustee (or any person with like powers) shall be appointed for any part of the Mortgaged Property or any substantial part of the property of any Obligor;
 - (k) Incorrect Representation: any representation, warranty or statement of fact made or deemed to be made in any Loan Document or any information furnished in writing to FCC by or on behalf of any Obligor proves to have been incorrect in any material respect when, or when deemed to be, made or furnished;
 - (l) Execution against Mortgaged Property: a writ, execution, attachment, distress or similar process is issued or levied against any portion of the Mortgaged Property or is issued or levied against any substantial part of the property of any Obligor or Wholly-Owned Subsidiary of any Obligor;
 - (m) Lien Seizure: a Person holding a Lien, or a Person acting on such Lien holder's behalf, takes possession of any portion of the Mortgaged Property or any substantial part of the property of any Obligor;
 - (n) Other Material Default: any Obligor defaults in the payment when due of any Indebtedness or in the payment when due of any other Indebtedness in excess of

\$100,000, subject to any applicable grace or cure period, or a default or event of default occurs under, and is not cured or waived within any applicable grace or cure period provided by, any agreement or security document (other than the Loan Documents) evidencing or securing any Indebtedness of any Obligor or securing other Indebtedness of any Obligor in excess of \$100,000;

- (o) Unsatisfied Judgments: any one or more judgments, orders or awards for the payment of money are rendered against any Obligor or any Wholly-Owned Subsidiary of any Obligor and:
 - (i) such Obligor or Wholly-Owned Subsidiary does not discharge same in accordance with its terms, or procure a stay of execution thereof, within 60 days from the date of entry of each such judgment, order or award, or execution proceedings have been commenced in connection with any such judgment, order or award; or
 - (ii) such judgment, order or award is a final judgment and FCC, acting reasonably, believes the rendering of such judgment, order or award constitutes a Material Adverse Change;
- (p) Material Adverse Change: a Material Adverse Change occurs;
- (q) Expropriation: an order is made or any action or proceedings commenced or legislation introduced in the legislative body of Canada or any province thereof or by any other Governmental Authority or authority for the expropriation, confiscation, forfeiture, escheating, involuntary purchase and sale or other taking, whether or not with compensation, of any part of the Mortgaged Property or any substantial part of the property, assets or business of any Obligor;
- (r) Cessation of Business: any Obligor ceases or threatens to cease to carry on its business or any material portion thereof;
- (s) Change of Ownership: a Change of Ownership occurs with respect to any Borrower or any Corporate Obligor;
- (t) Unenforceability: any of the Loan Documents or any of the material provisions thereof becomes, or is alleged by any Obligor to be, invalid, void, voidable or unenforceable, in whole or in part, and such actual or alleged invalidity, voidness, voidability or unenforceability is materially adverse to FCC;
- (u) Priority: any of the Security ceases, or is alleged by any Obligor to cease, to be a first priority Lien, subject only to Permitted Liens, on the Mortgaged Property intended to be charged by the Lien of such Security;
- (v) Termination of Guarantee: any Guarantor purports to terminate or limit its liability under any guarantee of any of the Secured Obligations or other Loan Document;
- (w) Impairment/Jeopardy: FCC, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance of any of the Secured Obligations is or is about to be impaired or that any of the Mortgaged property is or is about to be in jeopardy;
- (x) Default to FCC: any Obligor defaults in payment or performance of any obligation (other than the Secured Obligations) to FCC;
- (y) Other Event of Default: the occurrence of any other event, condition or circumstances specified in this Agreement or any other Loan Document as being (or, at the option of FCC

as being) an Event of Default; or Initial Advance: the initial Advance of any Loan does not occur by the specified Initial Advance Expiry Date.

FCC may, in its sole and absolute discretion, by written notice to the Borrowers, declare any or all Secured Obligations to be due and payable and any or all of the Loans terminated, whereupon any right of the Borrowers to, and any obligation of FCC to provide, any further advance or other utilization of any terminated Loan shall terminate, and all Secured Obligations expressed to be due and payable shall be immediately due and payable without further demand or other notice of any kind, all of which are expressly waived by the Borrowers.

5.2 Enforcement

Upon the making of an Acceleration Declaration, FCC may, in its sole and absolute discretion, proceed to protect, exercise and enforce its rights and remedies under the Loan Documents and such other rights and remedies as are provided at law or by equity or by statute.

5.3 Remedies Cumulative

The Obligants agree that the rights and remedies of FCC under the Loan Documents are cumulative and in addition to, and not in substitution for, any rights or remedies provided by law; any single or partial exercise by FCC of any right or remedy for a default or breach of any term, covenant, condition or agreement in the Loan Documents does not affect its rights and does not waive, alter, affect, or prejudice any other right or remedy to which FCC may be lawfully entitled for the same default or breach. Any waiver by FCC of the strict observance of, performance of or compliance with any term, covenant, condition or agreement of the Loan Documents and any indulgence by FCC is not a waiver of that or any subsequent default.

5.4 Application of Proceeds of Realization; Deficiency

FCC will have the right at any time and from time to time to apply any and all proceeds realized from the enforcement of any of the Security or any amount however received on such part or parts of the Secured Obligations as FCC may see fit, and FCC will at all times and from time to time have the right to change any application of any such proceeds received by them and reapply the same on any part or parts of such indebtedness as FCC may see fit, notwithstanding any previous application by whomsoever made. The Obligants shall remain liable for, and the Security shall continue to secure, payment and performance of the Secured Obligations, notwithstanding any partial payment thereof and the Obligants shall remain liable for any unpaid or unperformed balance of the Secured Obligations notwithstanding completion of the enforcement of the Security. The taking of any judgement or any other action or dealing by FCC in respect of any Security shall not operate as a merger of any Secured Obligations or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which FCC may have in connection with the Secured Obligations, and the surrender, cancellation or any other dealings with any Security shall not release or affect the liability of any Obligor under any of the Loan Documents.

6. EXPENSES AND INDEMNITY

6.1 Costs and Expenses

The Borrowers shall pay, promptly upon notice from FCC, (i) all reasonable out-of-pocket expenses incurred by FCC, including the reasonable fees, charges and disbursements of FCC Counsel, in connection with the preparation, negotiation, execution, delivery and administration of the Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by FCC, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with the Loan Documents or in connection with the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans, or in connection with any amendment, modification or waiver of any of the provisions of any

Loan Document requested by any Obligant, whether or not such amendment, modification or waiver is granted.

6.2 Indemnification by the Borrowers

In addition to any other indemnity contained herein or in any other Loan Document, each Borrower hereby indemnifies FCC and each related party (each such Person being called an “**Indemnitee**”) against, and shall hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Obligant or any other Person arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance or non-performance by the parties hereto or thereto of their respective obligations hereunder or thereunder, any misrepresentation by any Obligant contained therein, the occurrence of any Event of Default or the consummation or non- consummation of the transactions contemplated hereby or thereby, (ii) any Advance or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of any Hazardous Substance on or from any Mortgaged Property, or any liability arising under any Environmental Laws related in any way to any Borrower, any other Obligant or any of their respective assets, including the Mortgaged Property, (iv) any Taxes (including any arrears, interest and penalties) now or hereafter owing or assessed in respect of any part of the Mortgaged Property, (v) any failure by any Obligant to remit any sale, lease or other proceeds arising from or with respect to any part of the Mortgaged Property, where required to do so hereunder or pursuant to any consent or waiver granted by FCC, (vi) any acts of fraud, misrepresentation, wilful misconduct and/or gross negligence committed by any Obligant or any other Person in connection, directly or indirectly, with any of the Mortgaged Property, or (vii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by an Obligant and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by the Borrowers or any other Obligant against an Indemnitee for breach in bad faith of such Indemnitee’s obligations under any Loan Document, if the Obligant has obtained a final and nonappealable judgment in its favour on such claim as determined by a court of competent jurisdiction. The indemnity in this Section 6.2 is in addition to and not in substitution for any indemnity contained elsewhere in this Agreement or any other Loan Documents. This indemnity will survive the repayment and cancellation (in whole or in part) of the Secured Obligations and termination of this Agreement as a separate and continuing covenant of the Borrowers.

6.3 Payments

All amounts due under this Section 6 shall be payable promptly after demand therefor. A certificate of FCC, setting forth the amount or amounts owing to FCC or related party, as the case may be, as specified in this Article, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrowers shall be conclusive absent manifest error.

7. MISCELLANEOUS

7.1 Successors and Assigns Generally

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrowers may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of FCC, which may be withheld by FCC in its absolute discretion. FCC may assign all or any portion of its rights under the Loan Documents without the consent of any Obligant and upon any such assignment, if to a financial institution resident in Canada, FCC shall be released and discharged from its obligations hereunder, as they relate to or arise from such assigned interest. For the purposes of any such assignment FCC may disclose on a confidential basis to a potential

assignee such information about any Obligor as FCC may see fit. The Borrowers shall, and shall cause each other Obligor to, execute and deliver, at the request and expense of FCC, all such deeds, instruments, assurances and other documents as FCC may reasonably request in connection with any such assignment.

7.2 Severability

If any of the provisions of this Agreement shall be unenforceable, illegal or invalid in any jurisdiction, the validity and enforceability of such provisions in any other jurisdiction shall not be impaired thereby nor shall the enforceability and validity of any other provisions of this Agreement be impaired thereby.

7.3 Notices

- (a) Unless otherwise expressly provided, any notice, consent, demand or other communication required or permitted to be given or made hereunder will be in writing and will be sufficiently given or made if given or made at the respective addresses set out below:

in the case of any Obligor, at the addresses for the Borrowers set out on page 1 of this Agreement;

in the case of FCC:

Farm Credit Canada
Loan Administration Center
12040 149th NW, 2nd Floor Edmonton, AB T5V 1P2
Fax No. [***Redacted – Personally Identifying Information***]

with a copy to:

General Counsel
Farm Credit Canada
1800 Hamilton Street, P.O. Box 4320
Regina Saskatchewan S4P 4L3

Fax No. [***Redacted – Personally Identifying Information***]

- (b) Any notice or other communication given or made in accordance with this Section 7.3 will be deemed to have been given, made and received on the day of delivery if delivered as aforesaid, provided such day is a Business Day and that such notice is received prior to 4:00 p.m. local time of the recipient and, if such day is not a Business Day or if notice is received after 4:00 p.m. local time of the recipient or such notice is sent by fax or other electronic communication, on the first Business Day the date of delivery or receipt thereof.
- (c) Each party may change its address and fax number for the purposes of this Section 7.3 by written notice given in the manner provided in this Section 7.3 to the other parties.

7.4 Time of the Essence

Time shall be of the essence of this Agreement and each of the other Loan Documents and any forbearance by FCC of the strict application of this provision shall not operate as a continuing or subsequent forbearance.

7.5 Maximum Interest Rate

Nothing contained in the Loan Documents shall require any Obligant at any time to pay interest at a rate exceeding the Maximum Permissible Rate. If interest payable by an Obligant on any date would exceed the maximum amount permitted by the Maximum Permissible Rate, such interest payment shall automatically be reduced to such maximum permitted amount, and interest for any subsequent period, to the extent less than the maximum amount permitted for such period by the Maximum Permissible Rate, shall be increased by the unpaid amount of such reduction. Any interest actually received for any period in excess of such maximum amount permitted for such period shall be deemed to have been applied as a prepayment of the Advances.

7.6 Judgment Currency

If for the purposes of obtaining judgment in any court in any jurisdiction or for any other purpose hereunder it becomes necessary to convert into the currency of such jurisdiction ("**Judgment Currency**") any amount due hereunder in any currency other than the Judgment Currency ("**Original Currency**"), then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For such purpose "rate of exchange" means the spot rate at which FCC, in accordance with its usual practices, on the relevant date at or about 12:00 noon, Regina time, would be able to purchase the Judgment Currency with such amount of Original Currency. If there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the relevant Obligant shall, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which, when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Agreement in Original Currency. Any additional amount due from any Obligant under this Section 7.6 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement. The Obligant's obligation in respect of any such amount due hereunder shall, notwithstanding any such judgment in such Judgment Currency, be discharged only to the extent that on the date of payment of the amount of the judgment in such Judgment Currency, FCC is able to purchase the Original Currency.

7.7 Method and Place of Payment, etc.

All payments under any Loan Document (unless otherwise specified herein) shall be made to FCC at the account and office specified by FCC from time to time by not later than 11:00 a.m. (Regina time) for value on the date when due, and shall be made in immediately available funds, and if any payment made by the Borrowers hereunder is made after 11:00 a.m., such payment will be deemed to have been made on the immediately following Business Day and interest will continue to accrue on the amount of such payment until such following Business Day.

All payments under the Loan Documents shall be made by the Obligants free and clear of any set off or counterclaim against FCC.

7.8 Currency of Payment

All payments under the Loan Documents shall be made in the currency in respect of which the obligation requiring such payment arose. For greater certainty, all payments to be made pursuant to this Agreement including principal, interest and costs will, except as otherwise expressly provided herein, be payable in US Dollars.

7.9 Entire Agreement

This Agreement together with the other Loan Documents constitutes the entire agreement between the parties hereto with respect to the Loans and, subject to any express provisions to the contrary contained in this Agreement, supersedes and replaces any previous written or verbal agreement with respect to the subject matter hereof, provided that nothing contained herein shall terminate any existing security held for any Secured Obligation pursuant to any previous agreement where such security is specified as Security hereunder or any Pre-Authorized Payment Documents in the Existing Loan. Subject to any express provisions to the contrary contained in this Agreement, upon

execution and delivery of this Agreement by all parties, the terms and conditions of any and all prior existing agreements among any of the parties hereto with respect to the subject matter hereof, shall merge herein and be of no further force or effect.

7.10 Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia (the “**Governing Law Province**”) and the laws of Canada applicable therein.

7.11 Submission to Jurisdiction

Each Borrower irrevocably and unconditionally submits, and shall cause each other Obligor to irrevocably and unconditionally submit, for itself and its property, to the nonexclusive jurisdiction of the courts of the Governing Law Province (including the appellate courts thereof) in any action or proceeding arising out of or relating to this any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Loan Document shall affect any right that FCC may otherwise have to bring any action or proceeding relating to any Loan Document against any Obligor or its properties in the courts of any jurisdiction.

7.12 WAIVER OF JURY TRIAL

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THE LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.12.

7.13 Counterparts/Effectiveness

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it has been executed by FCC and when FCC has received counterparts hereof (or thereof) that, when taken together, bear the signatures of each of the other parties hereto (or thereto). Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

7.14 Electronic Execution of Loan Documents

The words “execution,” “signed,” “signature,” and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

7.15 FCC Discretion

Where this Agreement or any other Loan Document contemplates or provides for any review, approval, consent, waiver or other action by FCC, such review, approval, consent, waiver or

other action shall lie within the sole discretion of FCC. Where this Agreement or any other Loan Document contemplates or provides for the receipt or review by FCC or FCC Counsel of any document or information, such document or information shall be in form and content satisfactory to FCC or FCC Counsel, as the case may be, in its sole discretion. Where this Agreement contemplates or provides for evidence of any circumstances to be provided to FCC, such evidence shall be in form and content satisfactory to FCC and such circumstances shall be satisfactory to FCC, in each case in its sole discretion.

7.16 Treatment of Certain Information: Confidentiality

FCC agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or by any legal process, (d) to any party to any Loan Document, (e) in connection with the exercise of any remedies under any Loan Document or any action or proceeding relating to any Loan Document or the enforcement of rights thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or any prospective assignee of, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrowers and their obligations, (g) with the consent of the Borrowers or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to FCC on a non-confidential basis from a source other than an Obligor.

For purposes of this Section, "**Information**" means all information received in connection with this Agreement from any Obligor relating to any Obligor or any of its Affiliates or any of their respective businesses, other than any such information that is available to FCC on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of

such Information as such Person would accord to its own confidential information. In addition, FCC may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such person normally makes available in the course of its business of assigning identification numbers.

7.17 Declaration of Principles

FCC acts with integrity, balancing business decisions with individual needs to achieve its vision of sustainable growth and prosperity of Canada's agriculture industry. For these purposes FCC require complete disclosure of all aspects of the businesses of the Obligors. FCC will deal only with Obligors with personal integrity and will not lend to those whose business or other activities will negatively impact FCC's reputation or detract from FCC's ability to attract and retain other customers. Without limitation of the foregoing, FCC will not finance or otherwise deal with Persons or businesses that:

- (a) attempt to defraud FCC by inflating the value of Mortgaged Property or otherwise mislead FCC as to the true value of the assets of any Obligor;
- (b) deliberately violate Applicable Law regarding the care and treatment of animals;
- (c) deliberately or recklessly pollute the environment;

- (d) are involved in grow-ops;
- (e) wilfully violate employee or human rights; or
- (f) otherwise engage in activities that could harm FCC's reputation or FCC's commitment to promoting the interest of ordinary, ethical producers and agribusiness operators in Canada.

Each Obligant represents and warrants to FCC (and acknowledges that FCC is relying on this representation and warranty in entering into this Agreement) that it has read this Section 7.17 of this Schedule, that it knows of no reason why FCC would have any concern relating to its business and that it is not involved in any of the activities specified above.

7.18 Extension of the Loans

Extensions of the repayment dates set out in this Agreement may be requested by the Borrowers. Extensions will be granted at the discretion of FCC. If there is no written agreement in force extending or altering the terms of the Loan on the Maturity date and FCC is not taking steps to recover the Loan or has not advised the Borrowers that the Loans will not be extended, the Loan may be automatically extended on the following terms:

- the loan extension fee will be charged to the applicable Borrower's loan account;
- the payment periods will be the same;
- the interest rate and term will be those stated in a communication that FCC will send the Borrowers prior to the Maturity date; and
- FCC will advise the Borrowers of the interest rate and required payment amounts.

7.19 Release Information

Each Borrower hereby authorizes FCC to obtain credit or other information about the Borrowers, and the collateral from, and allows FCC during the term of the Loans to exchange such information with:

- (a) any financial institution, credit reporting agency, rating agency, credit bureau, governmental body or regulatory authority; and
- (b) anyone with whom the Borrowers may have or propose to have financial dealings

Each Borrower also agrees that FCC may use loan information for FCC's internal research and marketing purposes and that FCC may contact the Borrowers regarding its other products and services.

7.20 Assignment by FCC

From time to time FCC may sell or assign all or any part of its rights under this Agreement to a financial institution resident in Canada and FCC shall be released and discharged from its obligations hereunder. For the purposes of any such assignment FCC may disclose on a confidential basis to a potential assignee such information about any Borrower or Guarantor as FCC may see fit. Each Borrower agrees to execute and deliver, and to cause the Guarantor to execute and deliver, at the request and expense of FCC, such deeds, documents, instruments, and assurances as FCC may reasonably request in connection with any such assignment.

7.21 Amendment and Waiver

This Agreement may not be amended or modified in any respect except in accordance with the provisions hereof, however, each Borrower hereby agrees to make such amendments to this Agreement as may be reasonably requested by FCC to facilitate the granting by FCC of participations or assignments, provided that no such amendment shall have the effect of increasing any costs payable by the Borrowers or increasing the obligations of the Borrowers under this

Agreement.

7.22 Compliance with Laws

The Borrowers shall obtain and comply with all necessary municipal, provincial and federal laws, including obtaining all required business, building, expansion, operating and other permits and licenses. Each Borrower agrees that the real/immovable property collateral complies with all zoning and building by-laws and other regulations.

7.23 Integrity Declaration

FCC acts with integrity, balancing business decisions with individual needs to achieve our vision of sustainable growth and prosperity for Canada's agriculture industry.

FCC is committed to supporting the industry over the long-term and through all cycles. We work with customers to understand the material issues that they face and to help them identify and resolve issues in a way that generates a positive impact on society while minimizing the risks associated with their business.

FCC's committed partnership begins with complete disclosure on all aspects of your business.

FCC lends only to individuals or businesses with integrity who respect and adhere to applicable municipal bylaws, provincial and federal laws and regulations, who hold all permits and licenses required by law, and whose activities respect and care for:

- the environment by exercising reasonable care to safeguard the environment through stewardship of land, air quality, and water;
- animal welfare through application of the National Farm Animal Care Council (NFACC) Codes as a foundation for animal care;
- labour standards by upholding requirements set through Canada's labour laws including for seasonal workers; and
- in general, society and human rights.

FCC does not lend to individuals or businesses who:

- willfully neglect applicable operating laws and regulations;
- engage in any money laundering activities or are involved in financing terrorist activities; or
- are involved in illegal or other activities that could harm FCC's reputation and/or do not align with our expressed commitment to sustainability.

The Borrowers must disclose in writing to FCC if they:

- anticipate or are involved in any legal action, or any proceedings before any court, tribunal, board or agency or there are any unexecuted judgments rendered against them;
- are in default under any material contracts that affect their business or assets;
- have declared bankruptcy (discharged or undischarged) or have been the subject of other insolvency proceedings or proposals;
- have been in arrears in the payment of income, business or property taxes, GST, HST, sales tax, payroll deductions, or similar payment obligations;
- have been convicted of a criminal offence (except for a conviction for which a pardon has been granted);
- have undergone any type of investigation or have been accused or convicted of any offense related to fraud, money laundering or terrorist financing; or
- are aware of any of their directors, officers, shareholders, or partners being involved in any of the preceding issues, as applicable.

If any Borrower fails to conduct his business in line with the integrity commitments and required disclosures set out above, FCC may consider this to be an additional event of default under this

Agreement or cause to end any contractual relationship between the Borrowers and FCC. Specifically, FCC may decline to provide further financial services or make any further loan disbursements, terminate their loan(s), demand immediate repayment of any outstanding loan balance or other amount due by the Borrowers, or enforce FCC's interest in any property pledged to secure their Loans.

By signing this Agreement, each Borrower agrees that:

- **They have read and affirm the integrity declaration;**
- **They consent to FCC's collection, use, and disclosure of their personal information in the manner and for the purposes described above;**
- **They know of no reason FCC may have any concern with their business**

7.24 Appropriation of Funds

Each Borrower agrees that FCC may from time to time appropriate all monies realized by FCC from the enforcement of any Security Document on or towards the payment of the indebtedness of the Borrower to FCC or such part thereof as FCC in its sole discretion may determine, and the Borrower shall have no right to require or enforce any appropriation inconsistent therewith, and FCC shall have the right to change the application of any such proceeds and re-apply the same to any part or parts of the indebtedness as FCC may see fit notwithstanding any previous application.

7.25 Language

The parties have requested that this Agreement and all other documents be drafted in English. Les parties ont requis que cette convention et tous les autres documents soient rédigés en anglais.

SCHEDULE F - FORM OF COMPLIANCE CERTIFICATE

[**Redacted – Commercially Sensitive Information**]

SCHEDULE G - DESCRIPTION OF CANADIAN LAND

[***Redacted – Commercially Sensitive Information***]

SCHEDULE H – U.S. REAL PROPERTY

[***Redacted – Commercially Sensitive Information***]

SCHEDULE I

ORGANIZATIONAL CHART OF THE BORROWERS

[***Redacted – Commercially Sensitive Information***]

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH (1) NOT MATERIAL AND (2) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED AND/OR IS THE TYPE OF INFORMATION THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL, AND HAS BEEN MARKED WITH “[***]” TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

CREDIT AGREEMENT

dated as of

April 17, 2025

among

PURE SUNFARMS CORP.

as Borrower

and

THE LENDERS FROM TIME TO TIME PARTIES HERETO

as Lenders

and

CANADIAN IMPERIAL BANK OF COMMERCE

as Administrative Agent

and

CANADIAN IMPERIAL BANK OF COMMERCE

as Lead Arranger and Sole Bookrunner

A stylized, handwritten signature in black ink that reads "Blakes". The signature is written in a cursive, flowing script.

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS	1
1.1 Definitions.....	1
1.2 Classification of Loans and Borrowings.....	43
1.3 Terms Generally.....	43
1.4 Québec Matters.....	43
1.5 Accounting Terms; GAAP.....	44
1.6 Time.....	45
1.7 Third Party Beneficiaries.....	45
1.8 Rates.....	45
ARTICLE 2 THE CREDITS.....	46
2.1 Commitments.....	46
2.2 Loans and Borrowings.....	46
2.3 Requests for Borrowings.....	47
2.4 Funding of Borrowings.....	48
2.5 Interest.....	48
2.6 Termination and Reduction of Commitments; Extensions.....	51
2.7 Repayment of Loans.....	51
2.8 Evidence of Debt.....	51
2.9 Prepayments.....	52
2.10 Fees.....	53
2.11 Inability to Determine Rates.....	54
2.12 Rate Fallbacks.....	56
2.13 Increased Costs; Illegality.....	60
2.14 Break Funding Payments.....	62
2.15 Taxes.....	62
2.16 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.....	63
2.17 Currency Indemnity.....	66
2.18 Mitigation Obligations; Replacement of Lenders.....	67
2.19 Letters of Credit.....	67
2.20 Swingline Loans.....	72
2.21 Defaulting Lenders.....	73
ARTICLE 3 REPRESENTATIONS AND WARRANTIES	76
3.1 Representations and Warranties of the Borrower.....	76
ARTICLE 4 CONDITIONS.....	84
4.1 Effective Date.....	84

TABLE OF CONTENTS
(continued)

	Page
4.2 Each Credit Event	87
ARTICLE 5 AFFIRMATIVE COVENANTS	88
5.1 Covenants	88
ARTICLE 6 NEGATIVE COVENANTS	96
6.1 Negative Covenants	96
ARTICLE 7 EVENTS OF DEFAULT	100
7.1 Events of Default	100
7.2 Rebalancing	105
7.3 Application of Payments	105
ARTICLE 8 THE ADMINISTRATIVE AGENT	106
8.1 Appointment of Administrative Agent	106
8.2 Secured Parties	106
8.3 Limitation of Duties of Administrative Agent	107
8.4 Lack of Reliance on the Administrative Agent	107
8.5 Certain Rights of the Administrative Agent	108
8.6 Reliance by Administrative Agent	108
8.7 Indemnification of Administrative Agent	108
8.8 The Administrative Agent in its Individual Capacity	109
8.9 May Treat Lender as Owner	109
8.10 Successor Administrative Agent	109
8.11 No Independent Legal Action	110
8.12 Arranger	110
8.13 Québec Security	110
8.14 [Reserved.]	111
8.15 Erroneous Payments by the Administrative Agent	111
ARTICLE 9 MISCELLANEOUS	115
9.1 Notices	115
9.2 Waivers; Amendments	117
9.3 Expenses; Indemnity; Damage Waiver	119
9.4 Successors and Assigns	121
9.5 Anti-Money Laundering Legislation	124
9.6 Acknowledgement and Consent to Bail-In of Affected Financial Institutions	124
9.7 Survival	125
9.8 Execution	125
9.9 Entire Agreement	126

TABLE OF CONTENTS
(continued)

	Page
9.10 Severability.	126
9.11 Right of Set Off.	126
9.12 Governing Law.	126
9.13 Attornment.	126
9.14 Service of Process.	127
9.15 WAIVER OF JURY TRIAL.	127
9.16 Confidentiality; Press Releases and Public Announcements.	127
9.17 Application under the CCAA.	128
9.18 No Strict Construction.	128
9.19 Release of Security.	128
9.20 Paramountcy.	129
9.21 Excluded Swap Obligations.	129
9.22 No Advisory or Fiduciary Responsibility.	129
9.23 LIMITATION OF LIABILITY.	130

TABLE OF CONTENTS

(continued)

Page

Exhibits:

Exhibit A	-	Form of Borrowing Base Report
Exhibit B	-	Form of Borrowing Request
Exhibit C	-	Form of Compliance Certificate
Exhibit D	-	Form of Assignment and Assumption Agreement

Schedules:

Schedule 1.1(A)	-	Initial Security Documents
Schedule 2.1	-	Lenders and Commitments
Schedule 3.1(3)	-	Governmental Approvals; No Conflicts
Schedule 3.1(5)	-	Litigation
Schedule 3.1(7)	-	Cannabis Investments
Schedule 3.1(17)	-	Pension Plans
Schedule 3.1(18)	-	Casualty Events
Schedule 3.1(19)	-	Subsidiaries
Schedule 3.1(23)	-	Material Contracts
Schedule 3.1(24)	-	Environmental Matters
Schedule 3.1(25)	-	Employee Matters
Schedule 3.1(30)	-	Filing Jurisdictions
Schedule 5.1(8)	-	Post-Closing Requirements
Schedule 5.1(9)	-	Insurance Claims
Schedule 6.1(11)	-	Restrictive Agreements
Schedule 9.1	-	Lender and Issuing Bank Contact Information

CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of April 17, 2025 is made among **PURE SUNFARMS CORP.**, as borrower, the financial institutions from time to time parties hereto, as Lenders, **CANADIAN IMPERIAL BANK OF COMMERCE**, as administrative agent, lead arranger, and sole bookrunner.

RECITALS

WHEREAS the Lenders have agreed to provide certain credit facilities to the Borrower;

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the parties hereto agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions.

In this Agreement:

“Acquisition” means any transaction, or any series of related transactions, consummated after the Closing Date, by which any Credit Party directly or indirectly, by means of a sale agreement, takeover bid, tender offer, amalgamation, merger or other business combination, plan of arrangement, purchase of assets, joint venture or otherwise:

- (a) acquires any business (including any division of a business) or all or substantially all of the assets of any Person;
- (b) acquires control of securities of a Person representing more than 50% of the ordinary voting power for the election of directors or other governing position if the business affairs of such Person are managed by a board of directors or other governing body;
- (c) acquires control of more than 50% of the ownership interest in any Person that is not managed by a board of directors or other governing body; or
- (d) otherwise acquires Control of a Person.

“Acquisition Cost” means, with respect to any Acquisition, the aggregate amount of consideration paid or payable in exchange for the subject-matter of such Acquisition; provided that, for the purposes of determining the Acquisition Cost of such Acquisition, (i) the amount of any non-cash consideration shall be equal to its Fair Market Value as at the time of such Acquisition, and (ii) the amount of any Investment made by a Credit Party since the Closing Date in the applicable Target shall be included in its Acquisition Cost.

“Acquisition Notice” means a notice from the Borrower to the Administrative Agent:

- (a) stating the intention of a Credit Party to make an Acquisition;
- (b) stating whether shares or assets (or both) are proposed to be acquired;

- (c) setting forth the name, address and jurisdiction of incorporation or other organization of the Target; and
- (d) executed by a Responsible Officer of the Borrower.

“Adjusted Daily Compounded CORRA” means, for purposes of any calculation, the rate per annum equal to (a) Daily Compounded CORRA for such calculation plus (b) the Daily Compounded CORRA Adjustment; provided that if Adjusted Daily Compounded CORRA as so determined shall be less than the Floor, then Adjusted Daily Compounded CORRA shall be deemed to be the Floor.

“Adjusted EBITDA” means, with respect to any Rolling Period, an amount equal to EBITDA less the sum of:

- (a) Cash Income Tax Expense;
- (b) Unfunded Capex Expense; and
- (c) Specified Restricted Payment Expense,

in each case for such Rolling Period; provided that (i) at any time the Borrower may exclude in writing an aggregate of up to \$7,100,000 of specific items of Cash Income Tax Expense, Unfunded Capex Expense and Specified Restricted Payment Expense solely for the purpose of calculating Adjusted EBITDA, and (ii) Specified Restricted Payment Expense shall be calculated on an Annualized basis, as applicable.

“Adjusted Term CORRA” means, for purposes of any calculation, the rate per annum equal to (a) Term CORRA for such calculation plus (b) the Term CORRA Adjustment; provided that if Adjusted Term CORRA as so determined shall ever be less than the Floor, then Adjusted Term CORRA shall be deemed to be the Floor.

“Administrative Agent” means Canadian Imperial Bank of Commerce in its capacity as administrative agent for the Lenders hereunder, or any successor Administrative Agent appointed pursuant to Section 8.10.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institutions or (b) any UK Financial Institution.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with, such Person.

“Agent Parties” has the meaning set out in Section 9.1(6)(b).

“Agreement” means this credit agreement and all the Exhibits and the Schedules attached hereto.

“**Amortization Payments**” means, collectively, the mandatory repayments of the Term Loans required to be made pursuant to Section 2.7(2), including the mandatory repayment due on the Term Maturity Date.

“**AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” applicable Laws, whether within Canada or elsewhere, including any regulations, guidelines or orders thereunder.

“**Annualized**” means that, for the purpose of computation or determination of any amount for:

- (a) the Fiscal Quarter ending March 31, 2025, the annualized amount shall be the actual such amount for such Fiscal Quarter, multiplied by 4;
- (b) the Fiscal Quarter ending June 30, 2025, the annualized amount shall be the actual such amount for the two Fiscal Quarters then ended, multiplied by 2; and
- (c) the Fiscal Quarter ending September 30, 2025, the annualized amount shall be the actual such amount for the three Fiscal Quarters then ended, multiplied by 4/3.

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Credit Parties and their Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the *Corruption of Foreign Public Officials Acts* (Canada) and the *Criminal Code* (Canada).

“**Applicable Margin**” means the applicable rate per annum, expressed as a percentage, set out in the relevant column and row of the table below, based on the Leverage Ratio as at the most recent Quarterly Date with respect to which the Borrower has delivered financial information to the Administrative Agent pursuant to Section 5.1(1).

Level	Leverage Ratio	CORRA Loan or Letter of Credit	Canadian Prime Loan	Standby Fee
I	<1.00:1	2.25%	1.25%	0.45%
II	≥1.00:1 and < 1.50:1	2.50%	1.50%	0.50%
III	≥1.50:1 and < 2.00:1	2.75%	1.75%	0.55%
IV	≥2.00:1 and < 2.50:1	3.00%	2.00%	0.60%
V	≥2.50:1	3.25%	2.25%	0.65%

As of the Closing Date, the initial Applicable Margin shall be based upon Level III. Thereafter, the Applicable Margin shall change (to the extent necessary, if any) on each date on which the financial statements and Compliance Certificate of the Borrower are delivered to the Administrative Agent pursuant to Section 5.1(1) to reflect any change in the Leverage Ratio on the date of such financial statements, based upon the financial statements for the immediately preceding Rolling Period, or if such delivery date is not a Business Day, then the first Business Day

thereafter. Notwithstanding the foregoing, if at any time the Borrower fails to deliver financial statements and the certificate of the Borrower as required by Section 5.1(1) on or before the date required pursuant to Section 5.1(1) (without regard to grace periods), the Applicable Margin shall be the highest margins provided for in the above grid from the date such financial statements are due pursuant to Section 5.1(1) (without regard to grace periods) through the date the Administrative Agent receives all financial statements and certificates that are then due pursuant to Section 5.1(1).

“Applicable Percentage” means, in respect of any Lender at any time, with respect to a Credit or all Credits, the percentage of such Credit or of all Credits, as the case may be, which such Lender has agreed to make available to the Borrower at such time, determined by dividing such Lender’s Commitment in respect of such Credit or of all Credits, as the case may be, by the aggregate of all of the Lenders’ Commitments with respect to such Credit or all Credits, as the case may be; provided that, when a Defaulting Lender exists, “Applicable Percentage” shall be determined without reference to any Commitment of such Defaulting Lender, provided that, for the purposes of determining a Lender’s share of a Borrowing under the Revolving Credit pursuant to Section 2.2(1), the Applicable Percentage of each Lender shall be calculated net of the Swingline Commitment. If any Commitments have terminated or expired, the Applicable Percentages in respect of the terminated or expired Commitments shall be determined based upon the relevant Commitments most recently in effect (prior to their termination or expiry), giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of determination.

“Approved Cannabis Jurisdiction” means:

(a) In respect of any Credit Party, a Cannabis Jurisdiction designated in writing as such by the Required Lenders in their sole discretion and upon the written request of the Borrower. It is understood that as a condition of such designation the Required Lenders may require, *inter alia*, a legal opinion of local counsel in the jurisdiction in question, such opinion to be in form and substance satisfactory to the Administrative Agent and confirm which Cannabis Activities are permitted in such jurisdiction. The Required Lenders in their sole discretion from time to time may revoke the designation of any jurisdiction as an Approved Cannabis Jurisdiction by written notice to the Borrower if at the time of such revocation such jurisdiction has ceased to be a Cannabis Jurisdiction. Canada, Australia, Germany, the United Kingdom, New Zealand, Switzerland, Poland and Israel are Approved Cannabis Jurisdictions as at the Closing Date. Notwithstanding the foregoing, the United States shall not be designated an Approved Cannabis Jurisdiction except (a) with the written consent of all Lenders in their sole discretion.

(b) In respect of any Group Party other than the Credit Parties, a Cannabis Jurisdiction.

Notwithstanding the foregoing, the United States shall not be designated an Approved Cannabis Jurisdiction with respect to the Group Parties except (a) with the written consent of all Lenders in their sole discretion; or (b) for the purpose of Industrial Hemp business engaged in by such Group Party in compliance with the Agriculture Improvement Act of 2018.

“Approved Currency” means, in respect of any Approved Cannabis Jurisdiction, the legal tender of such Approved Cannabis Jurisdiction.

“Approved Electronic Platform” has the meaning assigned to it in Section 9.1(6)(a).

“Arranger” means Canadian Imperial Bank of Commerce.

“Asset Disposition” means, with respect to any Person, the sale, lease, license, transfer, assignment or other disposition of, all or any portion of its business, assets, rights, revenues or property, real, personal or mixed, tangible or intangible, whether in one transaction or a series of transactions, other than (a) inventory sold in the ordinary course of business upon customary credit terms, (b) sales of worn-out, scrap, damaged or obsolete material or equipment, the economic value of which is not material in the aggregate, (c) leases of real property or personal property (under which such Person is lessor) entered into in the ordinary course of business, (d) licenses granted to third parties in the ordinary course of business, (e) transactions among Credit Parties, (f) transactions that constitute Permitted Investments or any redemption or repayment thereof, (g) transactions that constitute Restricted Payments permitted hereunder, (h) cash expenditures made to complete any transaction not prohibited hereunder, or (i) pursuant to a Casualty Event.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.4), and accepted by the Administrative Agent, in the form of Exhibit D or any other form (including electronic records generated by the use of an Approved Electronic Platform) approved by the Administrative Agent.

“Authorization” means, with respect to any Person, any authorization, order, permit, approval, grant, licence, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree, by-law, rule or regulation of any Governmental Authority having jurisdiction over such Person or its property, whether or not having the force of Law.

“Auto Renew Letter of Credit” has the meaning assigned to it in Section 2.19.

“Available Tenor” has the meaning assigned to it in Section 2.12(1)(f).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means:

- (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule; and
- (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation, or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceeding).

“Benchmark Replacement” has the meaning assigned to it in Section 2.12(1)(f).

“Benchmark Replacement Date” has the meaning assigned to it in Section 2.12(1)(f).

“Benchmark Transition Event” has the meaning assigned to it in Section 2.12(1)(f).

“Benchmark Unavailability Period” has the meaning assigned to it in Section 2.12(1)(f).

“**BIA**” means the *Bankruptcy and Insolvency Act* (Canada).

“**Bonding Obligation**” means any reimbursement or indemnity obligation in respect of performance bonds, reclamation bonds and indemnities, surety bonds, appeal bonds, completion guarantees or like instruments (excluding letters of credit or letters of guarantee) issued to secure performance obligations incurred in the ordinary course of business.

“**Borrower**” means Pure Sunfarms Corp., a British Columbia corporation.

“**Borrowing**” means any availing of any of the Credits, and includes any Loan, the issuance of a Letter of Credit (or any amendment thereto or renewal or extension thereof) and a rollover or conversion of any outstanding Loan.

“**Borrowing Base**” means, at any time, an amount (which shall not be less than zero) equal to the sum of:

- (a) 85% of the aggregate amount of all Eligible Receivables owing by Governmental Authorities domiciled in Canada; plus
- (b) 75% of the aggregate amount of all Eligible Receivables owing by any account debtors domiciled in Canada, other than Governmental Authorities; plus
- (c) the lower of (i) \$2,000,000; and (ii) 65% of the aggregate amount of all Eligible Receivables owing by any account debtors domiciled in Cannabis Jurisdictions; less
- (d) the aggregate amount of all Priority Payables of the Credit Parties;

in each case at such time.

“**Borrowing Base Report**” means the report of the Borrower concerning the amount of the Borrowing Base, to be delivered pursuant to Section 5.1(1), substantially in the form set out in Exhibit A.

“**Borrowing Request**” has the meaning set out in Section 2.3(1).

“**Business**” means (a) the production and sale of Cannabis, Cannabis products and Cannabis Activities, and (b) any business that is the same, similar or otherwise reasonably related, ancillary or complementary thereto.

“**Business Day**” means any day that is not a Saturday, Sunday or holiday (as defined in the *Interpretation Act* (Canada)) in Toronto, Ontario.

“**Canadian \$ Amount**” means, on any day, in relation to any Loans or Letters of Credit, the sum of (a) the amount of all such Loans and Letters of Credit that are denominated in Canadian Dollars, and (b) the Equivalent Amount of all such Loans and Letters of Credit that are expressed in Approved Currencies.

“**Canadian Dollars**”, “\$” and “Cdn.\$” refer to lawful currency of Canada.

“Canadian Prime Borrowing” means a Borrowing comprised of one or more Canadian Prime Loans.

“Canadian Prime Loan” means a Loan denominated in Canadian Dollars which bears interest at a rate based upon the Canadian Prime Rate.

“Canadian Prime Rate” means, on any day, the annual rate of interest equal to the greater of (a) the annual rate of interest announced by the Administrative Agent and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Canadian Dollar-denominated commercial loans in Canada, and (b) the annual rate of interest equal to the sum of (i) one-month Adjusted Term CORRA in effect on such day, plus (ii) 1.00%; provided that if the Canadian Prime Rate is at any time less than zero, the Canadian Prime Rate shall be deemed to be zero for the purposes of this Agreement.

“Cannabis” means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition; and
- (e) any other meaning ascribed to the term “cannabis” under applicable Law, including the Cannabis Act, the *Controlled Drugs and Substances Act* (Canada) and the *Controlled Substances Act* (United States).

“Cannabis Act” means the *Cannabis Act*, SC 2018, c. 16, as amended or replaced from time to time.

“Cannabis Activities” means any activities (including advertising or promotional activities) relating to or in connection with the possession, exportation, importation, cultivation, production, processing, purchase, distribution or sale of Cannabis or Cannabis products, whether such activities are for medical, scientific, recreational or any other purpose. Notwithstanding the foregoing, the acquisition of services, assets, undertaking or property to facilitate such activities which are acquired or used in accordance with applicable Laws shall not constitute “Cannabis Activities”.

“Cannabis Authorizations” means, at any time, all Authorizations necessary or advisable for the conduct of Cannabis Activities by any Group Party. For the avoidance of doubt, each of the Health Canada Licences shall constitute a Cannabis Authorization.

“Cannabis Jurisdiction” means a country in which applicable Laws (at both the federal and, if applicable, provincial or state level) permit any Cannabis Activities.

“Cannabis Laws” means Laws with respect to Cannabis Activities (other than Laws of general application), including without limitation the Cannabis Act, the Cannabis Regulations and the *Controlled Drugs and Substances Act* (Canada) and, the Agriculture Improvement Act of 2018.

“Cannabis Regulations” means the regulations made from time to time under the Cannabis Act, the *Controlled Drugs and Substances Act* (Canada) and any other statute with respect to Cannabis Activities.

“Capital Expenditures” means, with respect to any Person for any period, all expenditures (whether paid in cash or accrued as a liability, including the portion of Capital Lease Obligations originally incurred during such period that are capitalized) of such Person during such period that, in conformity with GAAP, are included in “capital expenditures”, “additions to property, plant or equipment”, “sustaining capital expenditures”, “maintenance capital expenditures” or comparable items, but excluding (a) increases in consolidated fixed or capital assets resulting solely from Permitted Acquisitions (other than expenditures made after the date of any such Permitted Acquisition), (b) expenditures for the restoration, repair or replacement of any fixed or capital asset that was destroyed or damaged, in whole or in part, in an amount not exceeding any insurance proceeds received in connection with such destruction or damage, and (c) increases in capital assets resulting from expenditures in respect of fixed or capital assets made by a Person other than such first Person so long as such first Person has no obligation to reimburse such other Person for such expenditures.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases or financing leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Cash Balance” means, at any time, the aggregate amount of cash and Cash Equivalents of the Borrower determined on a Consolidated basis as at such time.

“Cash Equivalents” means any of the following:

- (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the Government of Canada or of any Canadian province (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the Government of Canada or of such Canadian province), in each case maturing within one year from the date of acquisition thereof;
- (b) investments in certificates of deposit and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of Canada or of any Canadian province which has a combined capital surplus and undivided profits of not less than \$1,000,000,000;

- (c) marketable and freely tradeable securities evidencing direct obligations of corporations, hospitals, municipal boards or school boards having, at the date of acquisition, a rating from DBRS of A, from Moody's of A 2 or from S&P of A, in each case maturing within 180 days from the date of acquisition thereof; or
- (d) credit balances in bank accounts and securities accounts not prohibited hereunder.

"Cash Income Tax Expense" means, with respect to any period, the amount paid in cash during such period on account of Income Tax Expense.

"Cash Management Services" means any one or more of the following types of services or facilities provided to any Credit Party by a Lender or any Lender Affiliate (a) Automated Clearing House transactions, (b) cash management services, including controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, (c) foreign exchange facilities, (d) credit card processing services, (e) credit or debit cards, and (f) purchase cards.

"Casualty Event" means, with respect to any Person, the expropriation, condemnation, destruction or other involuntary loss of all or any portion of its business, assets, rights, revenues or property, real, personal or mixed, tangible or intangible.

"CCAA" means the *Companies' Creditors Arrangement Act* (Canada).

"CCAA Plan" has the meaning set out in Section 9.17.

"Change in Law" means (i) the adoption or taking effect of any new Law after the date of this Agreement, (ii) any change in any existing Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority after the date of this Agreement, or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law, by any Governmental Authority made or issued after the date of this Agreement.

"Change of Control" means:

- (a) the Borrower ceasing to be a direct Wholly-Owned Subsidiary of Village.
- (b) the ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons acting jointly or otherwise in concert, of Equity Securities representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity Securities of Village;
- (c) the occupation of a majority of the seats (other than vacant seats) on the board of directors of Village by Persons who were neither (i) nominated by the board of directors of Village nor (ii) appointed by directors so nominated;
- (d) the direct or indirect Control of Villager by any Person or group of Persons acting jointly or otherwise in concert; or

unless, in the case of (b), (c) or (d) above, consented to in writing in advance by the Required Lenders, such consent not to be unreasonably withheld or delayed. For the avoidance of doubt, an

agreement to cause any of the aforementioned events to occur shall not in and of itself result in a Change of Control, which shall only occur upon actual consummation.

“Closing Date” means April 17, 2025 being the date on which this Agreement is executed and delivered by the parties hereto.

“Collateral” means the property of the Credit Parties described in and subject to the Liens, privileges, priorities and security interests purported to be created by any Security Document.

“Combined” means, when used with respect to any financial term, financial covenant, financial ratio or financial statement, such financial term, financial covenant, financial ratio or financial statement calculated, prepared or determined, as applicable, with respect to the Borrower and Rose Lifesciences, each on a consolidated basis in accordance with GAAP consistently applied but without regard to accounts or earnings as between the Credit Parties to which consolidation does not apply.

“Commercial Off-The-Shelf Software” means software that was obtained from a third party on general commercial terms widely and readily available for purchase by the general public on such commercial terms, and was licensed on a non-exclusive basis for fixed payments of less than \$10,000 in the aggregate or annual payments of less than \$10,000 per year.

“Commitment” means, with respect to each Lender, the commitment(s) of such Lender to make Revolving Loans or Term Loans hereunder as, in the case of the Revolving Credit Commitments, such commitment may be reduced from time to time pursuant to Sections 2.6 or 2.9, and as such commitment(s) may be reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.4. The initial amount(s) of each Lender’s Commitment(s) are set out in Schedule 2.1, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment(s), as applicable. The initial (a) Total Revolving Credit Commitments is \$10,000,000, and (b) the Total Term Credit Commitments is \$27,400,000.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“Communications” has the meaning specified in Section 9.1(6)(b).

“Compliance Certificate” means a certificate of the Borrower in the form attached hereto as Exhibit C, signed by a Responsible Officer of the Borrower. For the avoidance of doubt, it is the intention of the parties that each Compliance Certificate shall constitute an agreement in favour of the Administrative Agent pursuant to which new Liens are granted by the Credit Parties in Crops.

“Conflict of Interest” means any circumstance in which a Lender, as of the date of any Acquisition Notice, shall have a business relationship, either directly or through a Lender Affiliate, with the applicable Target.

“Conforming Changes” has the meaning specified in Section 2.12(1)(f).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profit Taxes.

“Consolidated” means, when used with respect to any financial term, financial covenant, financial ratio or financial statement, such financial term, financial covenant, financial ratio or financial statement calculated, prepared or determined, as applicable, for the Borrower in accordance with GAAP consistently applied.

“Control” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have meanings correlative thereto.

“CORRA” means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

“CORRA Borrowings” means Term CORRA Borrowings and Daily Compounded CORRA Borrowings.

“CORRA Loans” means Term CORRA Loans and Daily Compounded CORRA Loans.

“Credit Parties” means, collectively, the Borrower and any Guarantors (other than Village), and **“Credit Party”** means any one of them. For the avoidance of doubt, Village shall not be a Credit Party.

“Credit Party Guarantee” means the multi-party unlimited guarantee dated as of the date hereof in favour of the Administrative Agent with respect to the debts, liabilities and obligations of the Credit Parties under the Loan Documents.

“Credits” means, collectively, the Revolving Credit and the Term Credit, and **“Credit”** means any one of the Credits.

“Crops” means “crops” as defined in the PPSA.

“Currency Date” has the meaning specified in Section 2.17.

“Daily Compounded CORRA” means, for any day, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback) being established by the Administrative Agent in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded CORRA for business loans; provided that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion; and provided that if the administrator has not provided or published CORRA and a Benchmark Replacement Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA; and provided that if Daily Compounded CORRA as so determined for any day shall be less than the Floor, then Daily Compounded CORRA for such day shall be deemed to be the Floor.

“Daily Compounded CORRA Adjustment” means, for any calculation with respect to a Daily Compounded CORRA Loan, a percentage per annum as set forth below for the applicable Interest Period therefor:

<u>Interest Period</u>	<u>Percentage</u>
One month	0.29547%
Three months	0.32138%

“Daily Compounded CORRA Borrowing” means a Borrowing comprised of one or more Daily Compounded CORRA Loans.

“Daily Compounded CORRA Loan” means a Loan denominated in Canadian Dollars that bears interest at a rate based upon Adjusted Daily Compounded CORRA.

“DBRS” means Dominion Bond Rating Service Limited, or its successor.

“Default” means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both, would, unless cured or waived, become an Event of Default.

“Default Interest” has the meaning set out in Section 2.5(2)(a).

“Defaulting Lender” means any Lender that (a) has failed to fund any portion of the Loans or perform its obligations under Section 2.1 within three Business Days of the date it is required to do so, unless the failure has been cured, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it under this Agreement within three Business Days of when due, unless the payment is the subject of a good faith dispute or unless the failure has been cured, (c) is an Insolvent Lender, or (d) becomes the subject of a Bail-In Action; provided that a Lender shall cease to be a Defaulting Lender when none of aforementioned criteria continue to apply to it.

“Defined Benefit Plan” means a pension plan registered under the ITA, the *Pension Benefits Act* (Ontario) or any other applicable pension standards legislation which contains a “defined benefit provision”, as such term is defined in subsection 147.1(1) of the ITA.

“D2 Lease” means the lease dated March 29, 2019 and entered into between Village and Village LP as the landlord of the Borrower, a short form of which was registered on March 31, 2020 in the New Westminster Land Title Office under instrument numbers CA8117347 and CA8117348 against title to the real property municipally known as 4526 80th Street, Delta, BC, and legally described as:

[***Redacted – Commercially Sensitive Information***]

“D2 Property” means the leasehold interest of the Borrower created by the D2 Lease.

“D3 Property” means the real property municipally known as 4431 80th Street, Delta, BC, and legally described as:

[***Redacted – Commercially Sensitive Information***]

“Depreciation Expense” means, with respect to any period, the collective depreciation, depletion impairment and amortization expense of the Borrower for such period, determined on a Consolidated basis.

“EBITDA” means, for any period, an amount equal to Net Income for such period minus, to the extent included in such Net Income (but without duplication):

- (a) any non-cash income and gains (including unrealized mark-to-market gains under Hedge Arrangements); and
- (b) any extraordinary or non-recurring income and gains;

plus, to the extent deducted from such Net Income (but without duplication):

- (c) Interest Expense;
- (d) Income Tax Expense;
- (e) Depreciation Expense;
- (f) any non-cash expenses and losses (including unrealized mark-to-market losses under Hedge);
- (g) any extraordinary or non-recurring charges, expenses or losses, to the extent approved by the Required Lenders in writing; and
- (h) non-recurring cash expenses relating to the Transactions of not more than \$500,000;

all determined on a Consolidated basis with respect to such period; provided that:

- (i) in respect of (i) each Person which has become a Subsidiary in such period, or (ii) an Acquisition of assets in such period, EBITDA shall be determined as if (A) such Person had been a Subsidiary during the entire such period, or (B) such EBITDA producing assets had been possessed by such Person during the entire such period, as applicable;
- (j) in respect of (i) each Person which has ceased to be a Subsidiary in such period, or (ii) a disposition or sale of assets during such period, EBITDA shall be determined as if (A) such Person had not been a Subsidiary during the entire such period, or (B) such EBITDA producing assets had not been possessed by such Person during the entire such period, as applicable; and
- (k) for the purposes of calculating the financial covenants in Section 5.1(13) and “Adjusted EBITDA”, paragraph (g) of this definition shall include a one-time only write-down to net realizable value, to be taken in the Fiscal Quarter ended December 31, 2024, in respect of inventory that is in existence as of such dates, to an aggregate limit of \$15,000,000; provided that the net income generated on any written down inventory, in any Fiscal Quarter following September 30, 2025 shall be excluded from the Borrower’s EBITDA calculation.

“EDC” means Export Development Canada and its successors.

“EDC-Backed LC” means any one unsecured Letter of Credit:

- (a) issued on behalf of the Borrower by Canadian Imperial Bank of Commerce in favour of British Columbia Hydro and Power Authority;
- (b) that is subject to an account performance security guarantee in favour of Canadian Imperial Bank of Commerce from EDC; and
- (c) has a face value not exceeding \$10,000,000

and includes any renewal thereof.

“EDC-Backed Indebtedness” means all Indebtedness under, pursuant to, or in connection with, the EDC-Backed LC.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature” means an electronic sound, symbol or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“Eligible Receivable” means, at any time, the invoice amount, including all GST, HST, PST and other Tax (which, in the case of an Approved Currency other than Canadian Dollars, shall be the Equivalent Amount in Canadian Dollars at such time of the amount denominated in such Approved Currency), owing on each Receivable of the Borrower (net of any credit balance, returns, trade discounts, unapplied cash, unbilled amounts or retention or finance charges); provided that, in any event, no Receivable shall be deemed an Eligible Receivable unless each of the following statements is accurate and complete (and by including such Receivable in any computation of the applicable Borrowing Base, the Borrower shall be deemed to represent and warrant to the Administrative Agent and the Lenders the accuracy and completeness of such statements and the compliance of each such Receivable with each such other eligibility standard established by the Administrative Agent):

- (a) such Receivable is a binding and valid obligation of the obligor thereon and is in full force and effect, consisting of the sale of goods or the provision of services by the Borrower to the applicable obligor;
- (b) such Receivable is evidenced by an invoice;

- (c) such Receivable is genuine as appearing on its face or as represented in the books and records of the Borrower;
- (d) such Receivable is free from claims regarding rescission, cancellation or avoidance, whether by operation of applicable Law or otherwise;
- (e) such Receivable is not outstanding for more than (i) 121 days past the original invoice date thereof where the account debtor is a Governmental Authority; or (ii) 91 days past the original invoice date thereof where the account debtor is not a Governmental Authority, in each case regardless of the due date specified in such invoice for payment;
- (f) such Receivable is net of concessions, offset, deduction, contra, contra in respect of progress billings, chargebacks or understandings with the obligor thereon that in any way could reasonably be expected to adversely affect the payment of, or the amount of, such Receivable;
- (g) the Administrative Agent on behalf of the Lenders, has a first-priority perfected Lien covering such Receivable and such Receivable is, and at all times will be, free and clear of all other Liens other than unregistered Liens in respect of Priority Payables that are not yet due and payable;
- (h) the obligor on such account is not an Affiliate, director, officer or employee of any Credit Party or a Related Party thereof;
- (i) such account arose in the ordinary course of business of the applicable Credit Party out of the sale of goods or services by such Credit Party;
- (j) the obligor on such account is not an individual, and is not the subject of any bankruptcy or insolvency proceeding, does not have a trustee or receiver appointed for all or a substantial part of its property, has not made an assignment for the benefit of creditors, admitted its inability to pay its debts as they mature or suspended its business, and the Administrative Agent, in its reasonable discretion, is otherwise satisfied with the credit standing of such obligor;
- (k) if the account arises in respect of the sale of Cannabis or any other Cannabis Activity, the account obligor is located in a Cannabis Jurisdiction;
- (l) in the case of the sale of goods, the subject goods have been completed, sold and shipped, on a true sale basis on open account, or subject to contract, and not on consignment, on approval, on a "sale or return" basis, or on a "bill and hold" or "pre-sale" basis or subject to any other repurchase or return agreement, and no material part of the subject goods has been returned, rejected, lost or damaged;
- (m) the account is not in dispute or subject to any defence, counterclaim or claim by the obligor for credit, set-off, allowance or adjustment;
- (n) the Borrower does not have any obligation to hold any portion of the account in trust or as agent for any other Person;

- (o) each of the representations and warranties set out herein and in the Security Documents with respect to such account is true and correct on such date;
- (p) no cheque, promissory note, draft, trade acceptance or other instrument received with respect to such account (or with respect to any other account due from the same account debtor) and presented for payment has been returned uncollected for any reason;
- (q) such account is not in respect of a volume rebate;
- (r) the Administrative Agent does not believe, in the exercise of its reasonable discretion, that the prospect of collection of such account is impaired or that the account may not be paid because of the account debtor's inability to pay or any other reason as may be customary either in the commercial lending industry or in the lending practices of the Administrative Agent;
- (s) any statutory limitation or restriction on the assignment of such account has been complied with;
- (t) the assignment (whether absolutely or by way of security) of such account is not limited or restricted by the terms of the contract evidencing or relating to such Account or, if assignment of such account is so restricted, such limitation or restriction has been complied with or the laws of the jurisdiction(s) governing the validity of such assignment provide that such limitation or restriction is ineffective as against the secured creditor with a security interest therein; and
- (u) such account is not evidenced by chattel paper or a promissory note or an instrument of any kind unless same has been delivered to the Administrative Agent and is subject to a Lien under the Security Documents.

“Environmental Laws” means all Laws relating in any way to the environment, preservation or reclamation of natural resources, the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, release, threatened release or disposal of any Hazardous Material, or to health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities) of any Credit Party directly or indirectly resulting from or based upon (a) the violation of any Environmental Laws, (b) the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment, or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Injection” means (a) any sale or issuance of any Equity Securities by the Borrower to Village, or (b) the making of any capital contribution by Village to the Borrower.

“Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person's capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest

in a trust, and any and all rights, warrants, debt securities, options or other rights exchangeable for or convertible into any of the foregoing.

“Equivalent Amount” with respect to any two currencies, the amount obtained in one such currency when an amount in the other currency is converted into the first currency using the spot rate of exchange for such conversion as quoted by the Bank of Canada at the close of business on the Business Day that such conversion is to be made (or, if such conversion is to be made before close of business on such Business Day, then at close of business on the immediately preceding Business Day) and, in either case, if no such rate is quoted, the spot rate of exchange quoted for wholesale transactions by the Administrative Agent in Toronto, Ontario on the Business Day such conversion is to be made in accordance with its normal practice.

“ETA” means Part IX of the *Excise Tax Act* (Canada).

“Erroneous Payment” has the meaning assigned to it in Section 8.15(1).

“Erroneous Payment Deficiency Assignment” has the meaning assigned to it in Section 8.15(4).

“Erroneous Payment Impacted Facilities” has the meaning assigned to it in Section 8.15(4).

“Erroneous Payment Return Deficiency” has the meaning assigned to it in Section 8.15(4).

“Erroneous Payment Subrogation Rights” has the meaning assigned to it in Section 8.15(4).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Events of Default” has the meaning set out in Section 7.1.

“Excluded Property” has the meaning set out in the GSA or any equivalent agreement thereto governed by the laws of any jurisdiction other than the Province of Ontario.

“Excluded Swap Obligation” means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of a guarantee of such Guarantor of, or the grant by such Guarantor of a Lien to secure, such Swap Obligation (or any guarantee thereof) is or has become illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time such guarantee or Lien becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or Lien is or becomes illegal.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of a Credit Party hereunder or under any Loan Document:

- (a) Taxes imposed on or measured by such recipient’s net income (however denominated), franchise Taxes and branch profits Taxes, in each case;

- (i) imposed as a result of such recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof); or
 - (ii) that are Other Connection Taxes;
- (b) Taxes attributable to such recipient's failure to comply with Section 2.15(7), and
- (c) any Canadian withholding Taxes arising as a result of:
 - (i) the recipient not dealing at arm's length (within the meaning of the ITA) with the Credit Party;
 - (ii) the recipient being a "specified non-resident shareholder" (as defined in subsection 18(5) of the ITA) of the Borrower or not dealing at arm's length (for the purposes of the ITA) with a "specified shareholder" (as defined in subsection 18(5) of the ITA) of the Borrower; or
 - (iii) the Borrower being a "specified entity" (as defined in subsection 18.4(1) of the ITA, as it is proposed to be amended by certain Tax proposals released by the Department of Finance (Canada) on November 28, 2023) in respect of the recipient,

except in the case of (i) through (iii) where (x) the non-arm's length relationship, (y) the recipient being a "specified non-resident shareholder" of the Borrower or not dealing at arm's length with a "specified shareholder" of the Borrower, or (z) the recipient being a "specified entity" in respect of the Borrower, as applicable, arises in connection with or as a result of the recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any rights under this Agreement or any other Loan Document.

"Fair Market Value" means:

- (a) with respect to any asset or group of assets (other than a Marketable Security) at any date, the value of the consideration obtainable in a sale of such asset at such date assuming a sale by a willing seller to a willing purchaser dealing at arm's length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, or, if such asset shall have been the subject of a relatively contemporaneous appraisal by an independent third party appraiser, the basic assumptions underlying which have not materially changed since its date, the value set out in such appraisal; and
- (b) with respect to any Marketable Security at any date, the closing sale price of such Marketable Security on the Business Day next preceding such date, as quoted on any recognized securities exchange or, if there is no such closing sale price of such Marketable Security, the final price for the purchase of such Marketable Security at face value quoted on such Business Day by a financial institution of recognized standing selected by the Administrative Agent which regularly deals in securities of such type.

“Fee Letter” means the letter dated as of April 17, 2025 among the Arranger, the Administrative Agent and the Borrower relating to the payment of certain arrangement, syndication and other fees.

“Fiscal Quarter” means any fiscal quarter of the Borrower.

“Fiscal Year” means any fiscal year of the Borrower

“Fixed Charge Coverage Ratio” means, with respect to any Rolling Period, the ratio of:

- (a) Adjusted EBITDA; to
- (b) Fixed Charges,

in each case for such Rolling Period.

“Fixed Charges” means, with respect to any Rolling Period, the sum (without duplication) of:

- (a) the aggregate amount of all scheduled payments on Indebtedness made (or required to be made) by the Borrower on account of principal (or, in the case of Capital Lease Obligations, all scheduled payments to the extent not included in Interest Expense) by the Borrower (other than to another Credit Party) determined on a Consolidated basis, excluding any amounts paid in respect of Subordinated Affiliate Indebtedness; and
- (b) the Interest Expense, excluding any amounts paid in respect of Subordinated Affiliate Indebtedness,

in each case for such Rolling Period.

“Floor” means a rate of interest equal to 0%.

“GAAP” means, with respect to any Person, generally accepted accounting principles in the United States as in effect from time to time with respect to such Person.

“Group Parties” means Village and any subsidiaries and Affiliates of Village, and each is a **“Group Party”**.

“Governmental Authority” means the Government of Canada, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity or supra-national body exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including Health Canada, a Minister of the Crown, the Superintendent of Financial Institutions or other comparable authority or agency, the Bank Committee on Banking Regulation and Supervisory Practices of the Bank of International Settlements, the European Union and the European Central Bank.

“GSA” means the Ontario law general security agreement dated as of the date hereof between each Credit Party from time to time party thereto and the Administrative Agent for the benefit of the Secured Parties constituting a first-priority Lien (subject to Permitted Liens) over all present and future property (both real and personal) of such Persons other than Excluded Property.

“**GST**” means all amounts payable under the ETA or any similar legislation in any other jurisdiction of Canada, including QST and HST.

“**Guarantee**” of or by any Person (in this definition, the “**guarantor**”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (in this definition, the “**primary credit party**”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect:

- (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise);
- (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof;
- (c) to maintain working capital, equity capital solvency, or any other balance sheet, income statement or other financial statement condition or liquidity of the primary credit party so as to enable the primary credit party to pay such Indebtedness or other obligation; or
- (d) as an account party in respect of any letter of credit or letter of guarantee issued to support such Indebtedness or other obligation.

The term Guarantee shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee in respect of Indebtedness shall be deemed to be an amount equal to the stated or determinable amount of the related Indebtedness (unless the Guarantee is limited by its terms to a lesser amount, in which case to the extent of such amount) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof.

“**Guarantor**” means any Person that has entered into, or acceded to, the Credit Party Guarantee. As of the Closing Date the sole Guarantor is Village.

“**Hazardous Materials**” means any substance, product, liquid, waste, pollutant, chemical, contaminant, insecticide, pesticide, gaseous or solid matter, organic or inorganic matter, fuel, micro-organism, ray, odour, radiation, energy, vector, plasma, constituent or other material which (a) is or becomes listed, regulated or addressed under any Environmental Laws, or (b) is, or is deemed to be, alone or in any combination, hazardous, hazardous waste, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any Environmental Laws, including asbestos, cyanide, petroleum and polychlorinated biphenyls, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Laws.

“**Health Canada License**” means any license issued by Health Canada to any of the Credit Parties in respect of its Cannabis Activities, including without limitation, license no. LIC-8OR129OHJQ-2025.

“Hedge Arrangement” means any derivative transaction entered into in connection with protection against, or benefit from, fluctuation in any rate or price. For the avoidance of doubt, the entry into an ISDA Master Agreement and the schedule thereto shall not in and of themselves constitute a Hedge Arrangement, but each trade documented pursuant to a confirmation entered into thereunder shall.

“Hedge Exposure” of a Person means all obligations of such Person arising under or in connection with Hedge Arrangements; provided that:

- (a) when calculating the value of a Hedge Arrangement only the mark-to-market value (or, if any actual amount is due as a result of the termination or close-out of such Hedge Arrangement, that amount) shall be taken into account; and
- (b) the Hedge Exposure with respect to any counterparty shall be calculated on an aggregate net basis after taking into account all amounts owing by such counterparty to such Person under Hedge Arrangements.

“Hostile Acquisition” means a proposed Acquisition by any Credit Party in circumstances in which the Target shall not have, as of the date of the Borrower’s Acquisition Notice in respect of such Acquisition, evidenced its agreement or agreement in principle to such Acquisition by means of (a) a definitive agreement of purchase and sale, (b) a letter of intent in respect thereof, or (c) any other document, instrument, opinion or other writing satisfactory to the Lenders.

“HST” means all amounts payable as harmonized sales tax in the Provinces of Ontario, Nova Scotia, Newfoundland, New Brunswick and Prince Edward Island under the ETA.

“Hypothecary Representative” has the meaning set out in Section 8.13.

“Income Tax Expense” means, with respect to any period, the aggregate of all taxes on income of the Borrower for such period, whether current or deferred and net of any incentive or similar tax credits, determined on a Consolidated basis.

“Indebtedness” of any Person means, without duplication:

- (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind;
- (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments;
- (c) all obligations of such Person upon which interest charges are customarily paid;
- (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person;
- (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business);
- (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or

acquired by such Person, whether or not the Indebtedness secured thereby has been assumed;

- (g) all Guarantees by such Person of Indebtedness of others;
- (h) all Capital Lease Obligations of such Person;
- (i) all LC Indebtedness of such Person;
- (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances;
- (k) all Hedge Exposure to the extent due and payable; and
- (l) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value (other than for other Equity Securities) any Equity Securities of such Person, valued, in the case of redeemable Equity Securities, at the greater of voluntary or involuntary redemption price, plus accrued and unpaid dividends.

For the avoidance of doubt, (i) Indebtedness shall not include Bonding Obligations, and (ii) Indebtedness of the Borrower shall include the principal amount of all Loans and the undrawn face amount of Letters of Credit, in each case to the extent outstanding hereunder. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a partner, general partner or limited partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity. For the purposes of the financial covenants in Section 5.1(13) (including the defined terms used in Section 5.1(13)), (a) the amount outstanding at any time of any Indebtedness issued with original issue discount is the accreted amount of such Indebtedness.

"Indemnified Taxes" means all Taxes other than Excluded Taxes, imposed on or with respect to any payment to be made by or on account of any obligation of a Credit Party hereunder or under any Loan Document.

"Indemnitee" has the meaning specified in Section 9.3(2).

"Industrial Hemp" has the meaning ascribed to such term and the term "hemp" under applicable Law, including the *Industrial Hemp Regulations* (Canada) issued under the Cannabis Act and under the *Agricultural Marketing Act of 1946* (United States).

"Initial Security Documents" means the materials described in Schedule 1.1(A).

"Insolvent Lender" means any Lender that (a) has been adjudicated as, or determined by an Governmental Authority having regulatory authority over such Person or its assets to be, insolvent, (b) becomes the subject of an insolvency, bankruptcy, dissolution, liquidation or reorganization proceeding, or (c) becomes the subject of an appointment of a receiver, receiver and manager, monitor, trustee or liquidator under the *Bank Act* (Canada), the *Canada Deposit Insurance Corporation Act* (Canada) or any applicable bankruptcy, insolvency or similar law now existing or hereafter enacted; provided that a Lender shall not be an Insolvent Lender (i) solely by virtue of the ownership or acquisition by a Governmental Authority or instrumentality thereof of any Equity Securities in such Lender or a parent company thereof, or (ii) due to an Undisclosed Administration.

“Intellectual Property” means any industrial and intellectual property, and intellectual property rights, whether registered or not, including without limitation, patents, patent applications, trade marks, trade mark applications, trade names, service marks, copyrights, industrial designs, integrated circuit topographies, ideas, inventions (whether or not patented), franchises, get-up and trade dress, designs, works, methods, business names, indicia of origin, plant breeders’ rights, urls, domain names, tag lines, data, know how and trade secrets.

“Intercreditor Agreement” means any intercreditor agreement between the Secured Parties, the Credit Parties and any one or more Subordinated Creditors.

“Interest Expense” means, with respect to any period, the interest expense of the Borrower for such period, determined on a Consolidated basis.

“Interest Payment Date” means, (a) in the case of any Canadian Prime Loan, the first Business Day of each month, and (b) in the case of a CORRA Loan, the last day of each Interest Period relating to such CORRA Loan.

“Interest Period” means, with:

- (i) respect to a Term CORRA Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one or three months thereafter, as the Borrower may elect; and
- (ii) respect to a Daily Compounded CORRA Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one or three months thereafter, as the Borrower may elect;

provided that:

- (iii) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the immediately succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day;
- (iv) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period;
- (v) no Interest Period shall extend beyond any date that any principal payment or prepayment is scheduled to be due unless the aggregate principal amount of (i) Canadian Prime Loans, and (ii) CORRA Borrowings which have Interest Periods which will expire on or before such date, minus the aggregate amount of any other principal payments or prepayments due during such Interest Period, is equal to or in excess of the amount of such principal payment or prepayment; and
- (vi) no Interest Period shall extend beyond the Revolving Credit Maturity Date (if such CORRA Borrowing, is part of a Borrowing under the Revolving Credit) or beyond the Term Credit Maturity Date (if such CORRA Borrowing is part of a Borrowing under the Term Credit).

For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a converted or continued Borrowing, thereafter shall be the effective date of the most recent conversion or rollover of such Borrowing.

“**Investment**” means, as applied to any Person (the “**investor**”), any direct or indirect:

- (a) purchase or other acquisition by the investor of Equity Securities of any other Person or any beneficial interest therein;
- (b) purchase or other acquisition by the investor of bonds, notes, debentures or other debt securities of any other Person or any beneficial interest therein;
- (c) loan or advance to any other Person, other than (i) advances to employees for expenses incurred (or to be incurred) in the ordinary course of business, and (ii) accounts receivable arising from goods or services provided to such other Person in the ordinary course of the investor’s business; and
- (d) capital contribution by the investor to any other Person,

provided that an Acquisition shall not constitute an Investment.

“**ISDA Master Agreement**” means an agreement in the form of an ISDA Master Agreement (Multi-Currency – Cross Border) or 2002 ISDA Master Agreement, in each case, as published by ISDA, including the Schedule thereto and any Confirmation thereunder (each as defined therein).

“**Issuing Bank**” means Canadian Imperial Bank of Commerce and any other Lender that agrees to act as an Issuing Bank, each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.19(9). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “**Issuing Bank**” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. Each reference herein to the “**Issuing Bank**” in connection with a Letter of Credit or other matter shall be deemed to be a reference to the relevant Issuing Bank with respect thereto.

“**ITA**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Joint Venture**” means any arrangement, regardless of legal form, but including a corporation, partnership, joint venture, trust or contractual arrangement, formed or entered into between a Credit Party and one or more other Persons (other than a Credit Party) for the purpose of carrying on specific business or developing one or more specific projects together.

“**Judgement Currency**” has the meaning specified in Section 2.17.

“**Landlord Agreement**” means an agreement in form and substance satisfactory to the Administrative Agent given in favour of the Administrative Agent by Village and Village LP, as the landlord of the D2 Property (and also acknowledged by all mortgagees of such landlord if requested by the Agent upon the instructions of the Required Lenders), which shall include the following provisions:

- (a) the landlord consents to the granting of a mortgage of the D2 Property by the Borrower (as tenant thereunder) in favour of the Agent and agrees that the Agent may assign the D2 Lease to a third party without the landlord's consent; the landlord agrees to give written notice to the Administrative Agent in respect of and a reasonable opportunity to cure any default under the D2 Lease; and
- (b) the landlord agrees not to terminate the D2 Lease; and the landlord agrees to waive (or subordinate and defer the enforcement of) its right of distraint and any other rights and remedies and any security it may hold in respect of any property of the Borrower located on the D2 Property or affixed to the D2 Property which the Borrower is entitled to remove under Applicable Law or pursuant to the terms of the D2 Lease.

"Laws" means all federal, provincial, municipal, foreign and international statutes, acts, codes, ordinances, decrees, treaties, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards or any provisions of the foregoing, including general principles of common and civil law and equity, and all policies, practices and guidelines of any Governmental Authority binding on or affecting the Person or such Person's property referred to in the context in which such word is used (including, in the case of tax matters, any accepted practice or application or official interpretation of any relevant taxation authority); and **"Law"** means any one or more of the foregoing.

"LC Cover" means, with respect to any Letter of Credit, and the contingent Reimbursement Obligations thereunder, either:

- (a) its LC Prepayment;
- (b) the lodging of cash collateral to the Administrative Agent as security therefor pursuant to documentation satisfactory to the Administrative Agent, acting reasonably; or
- (c) the provision to the Administrative Agent of a standby letter of credit as security therefor, such standby letter of credit to be in form and substance (including the issuing bank thereof) satisfactory to Administrative Agent, acting reasonably;

in each case the amount of which shall be equal to the applicable LC Cover Amount. At any time that a Default or Event of Default has occurred and is continuing the obligation to provide LC Cover may only be satisfied by way of the method set out in clause (a) above unless the Administrative Agent, in its sole and absolute discretion, agrees otherwise.

"LC Cover Amount" means, with respect to any Letter of Credit at any time, an amount equal to:

- (a) 103% of the undrawn face amount of such Letter of Credit as at such time; plus
- (b) all fees payable hereunder with respect to such Letter of Credit (using a default rate of interest, if applicable) for the period from such time to the expiration date of such Letter of Credit, except to the extent already paid.

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a draw upon a Letter of Credit.

“LC Exposure” means, at any time and with respect to any Revolving Credit Lender, its Applicable Percentage of the Total LC Exposure at such time.

“LC Indebtedness” means all obligations, contingent or otherwise, of a Person as an account party in respect of letters of credit and letters of guarantee, including Letters of Credit.

“LC Prepayment” means, with respect to any Letter of Credit, the unconditional prepayment to the Issuing Bank in cash of all contingent Reimbursement Obligations with respect thereto.

“LC Return Amount” means, with respect to any Letter of Credit at any time, an amount equal to:

- (a) the LC Cover Amount paid or lodged with respect to such Letter of Credit; less
- (b) that portion of such LC Cover Amount attributable to fees payable hereunder; less
- (c) all LC Disbursements made with respect to such Letter of Credit since payment or lodging of such LC Cover Amount until such time; less
- (d) any other amounts owing to the Issuing Bank hereunder at such time.

“Legal Reservations” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganization and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the *Limitation Act, 2002* (Ontario), as amended, and similar legislation in any other applicable jurisdiction; and
- (c) any other matters which are set out as qualifications or reservations as to matters of law of general application in the legal opinions furnished to the Administrative Agent pursuant to this Agreement by legal counsel for a Credit Party.

“Lender Affiliate” means, (a) with respect to any Lender, (i) an Affiliate of such Lender, or (ii) any Person that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender, and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“Lenders” means the Persons listed as lenders on Schedule 2.1 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term **“Lenders”** includes the Swingline Lender and any Issuing Bank.

“Lender Termination Date” means the first date on which:

- (a) all Commitments have expired or been terminated;

- (b) the principal of and interest on each Loan and all fees, indemnities and other amounts due and payable hereunder shall have been paid in full; and
- (c) all Letters of Credit shall have either (x) expired or terminated and all LC Disbursements shall have been reimbursed or (y) in the case of contingent Reimbursement Obligations with respect to outstanding Letters of Credit, LC Cover shall have been provided.

“Letter of Credit” means any letter of credit or letter of guarantee issued pursuant to this Agreement.

“Leverage Ratio” means, at any time, the ratio of (a) Total Indebtedness at such time; to (b) EBITDA for the most recently completed Rolling Period. By way of example and for the avoidance of doubt, the Leverage Ratio as at January 21, 2026 shall be equal to the ratio of Total Indebtedness on January 21, 2026 to EBITDA for the Rolling Period ended on December 31, 2025.

“Lien” means, (a) with respect to any asset, any mortgage, deed of trust, lien (statutory or otherwise), deemed trust, pledge, hypothec, hypothecation, encumbrance, charge, security interest, royalty interest, adverse claim, defect of title or right of set off in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease, title retention agreement or consignment agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to any asset, (c) any purchase option, call or similar right of a third party with respect to such assets, (d) any netting arrangement, defeasance arrangement or reciprocal fee arrangement, and (e) any other arrangement having the effect of providing security.

“Loan” means any loan made by the Lenders to the Borrower pursuant to this Agreement.

“Loan Documents” means this Agreement, the Security Documents, any Intercreditor Agreement, the Borrowing Requests, the Borrowing Base Reports, and the Fee Letter, together with any other document, instrument or agreement (other than participation, agency or similar agreements among the Lenders or between any Lender and any other bank or creditor with respect to any indebtedness or obligations of any Credit Party (as applicable) hereunder or thereunder) now or hereafter entered into in connection with this Agreement (including any document, instrument or agreement with respect to any Secured Hedge Arrangement and Secured Cash Management Services), as such documents, instruments or agreements may be amended, modified or supplemented from time to time.

“Marijuana” has the meaning ascribed to such term under applicable Law, including the *Controlled Substances Act* (United States).

“Marketable Security” means any share or other security issued and listed on a stock or security exchange located in Canada, the United States, Australia, or the European Union.

“Material Adverse Change” means any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations, or condition, financial or otherwise, of the Credit Parties taken as a whole, or (b) the validity or enforceability of any of the Loan Documents, the rights and remedies of the Administrative Agent and the Lenders thereunder, or the priority of the Liens created thereby or (c) the ability of the Credit Parties to perform their material obligations under the Loan Documents.

“Material Contract” means (a) the contracts, licences and agreements listed and described on Schedule 3.1(23), and (b) any other contract, licence or agreement (i) to which any Credit Party is a party or bound, (ii) which is material to, or necessary in, the operation of the business of any Credit Party, (iii) which any Credit Party cannot promptly replace by an alternative and comparable contract with comparable commercial terms, and (iv) the absence of which would have a Material Adverse Effect.

“Material Indebtedness” means (a) all Subordinated Affiliate Indebtedness and EDC-Backed Indebtedness (in each case, regardless of the amount thereof); and (b) any Indebtedness (other than the Loans, Subordinated Affiliate Indebtedness, and EDC-Backed Indebtedness) of any one or more Credit Parties or Village in an aggregate principal amount exceeding \$500,000.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Income” means, with respect to any period, the net income of the Borrower for such period, determined on a Consolidated basis.

“Net Proceeds” means, with respect to

- (a) any Asset Disposition or Casualty Event, the gross amount of proceeds received by any Credit Party from such Asset Disposition or Casualty Event (including proceeds of any insurance policies and amounts received pursuant to any expropriation proceeding or condemnation proceeding); and
- (b) with respect to:
 - (i) the issuance or incurrence by any Credit Party of any Indebtedness; or
 - (ii) the sale or issuance of any Equity Securities of, or the making of any capital contribution to, any Credit Party;

the gross amount of proceeds received by any Credit Party therefrom, including any cash received in respect of non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received;

in each case minus the sum of:

- (c) the amount, if any, of all Taxes paid or payable by any Credit Party directly resulting from such transaction or the movement of funds from the selling Credit Party to the Borrower (including the amount, if any, estimated by the Borrower in good faith at the time of such transaction for Taxes payable by such Credit Party on or measured by net income or gain resulting from such transaction) assuming the application of any Tax losses or credits available (or to be available) to such Credit Party at the time such Taxes are payable that are not used to offset other income or gains;
- (d) the reasonable out-of-pocket costs and expenses incurred by any Credit Party in connection with such transaction (excluding any fees or expenses paid to any Credit Party, or any Affiliate of any Credit Party);

- (e) any reserves established in accordance with GAAP in connection with any such Asset Disposition; and
- (f) any other Indebtedness secured by a Lien ranking in priority to the Liens created under the Security Documents on the asset which is subject to such Asset Disposition and required to be repaid as a result of such Asset Disposition.

“Non-Defaulting Lender” has the meaning set out in Section 2.21(f).

“Non-Party Beneficiary” means any Secured Party or Indemnitee that is not a Party.

“Other Connection Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” has the meaning set out in Section 2.15(2).

“Participant” has the meaning set out in Section 9.4(5).

“Party” means a party to this Agreement, and reference to a Party includes its successors and permitted assigns and **“Parties”** means every Party.

“Payment” means, with respect to any obligation, (a) any payment or distribution by any Person of cash, securities, or other form of property, including by the exercise of a right of set-off or in any other manner, on account of such obligations, or (b) any redemption, purchase or other acquisition of such obligation (including by way of amalgamation or merger) by the Person owing such obligation.

“Payment Office” means the Administrative Agent’s office located at 595 Bay Street, 7th Floor Toronto, Ontario, M5G 2C2 Attention Global Agent Administration Services, Administrative Officer (or such other office or individual as the Administrative Agent may hereafter designate in writing to the other parties hereto).

“Payment Recipient” has the meaning assigned to it in Section 8.15(1).

“Pension Plan” means a “registered pension plan”, as such term is defined in subsection 248(1) of the ITA (including, for greater certainty and without limitation, a Defined Benefit Plan), which is or was sponsored, administered or contributed to, or required to be contributed to, by any Credit Party or under which any Credit Party has or may incur any actual or contingent liability.

“Permitted Acquisition” means any Acquisition:

- (a) with respect to which an Acquisition Notice has been provided no fewer than 30 days in advance of such Acquisition;

- (b) when no Default or Event of Default has occurred and is continuing or would be caused thereby;
- (c) which is of a Target carrying on a business only in an Approved Cannabis Jurisdiction and which is the same as or related, ancillary or complementary to the Business (or if an asset Acquisition, is of assets used or useful in the Business and located in an Approved Cannabis Jurisdiction);
- (d) where the Target had positive Subject EBITDA determined on a consolidated basis for its most recent fiscal year;
- (e) in respect of which the Borrower has provided a certificate of a Responsible Officer of the Borrower containing information satisfactory to the Lenders (acting reasonably) regarding the cost of such Acquisition, the projected earnings of such Acquisition, the financial and acquisition structure of such Acquisition, audited financial statements of the Target for the previous three years, and financial projections (on a quarterly basis) for the next three years;
- (f) in respect of which the Lenders will have:
 - (i) a first-priority Lien (subject only to Permitted Liens) over the assets to be acquired (other than Excluded Property); and
 - (ii) if such Acquisition is an Acquisition of Equity Securities of a Target, a full recourse guarantee (by way of accession to the Credit Party Guarantee) from, and a first-priority Lien (subject only to Permitted Liens) over the assets of, such Target and its subsidiaries.
- (g) in respect of which the Borrower has demonstrated to the Lenders' satisfaction, acting reasonably, that after giving effect to such Acquisition, the Borrower will be in compliance with the financial covenants in Section 5.1(13) as at the date of such Acquisition,;
- (h) which, if such Acquisition is an Acquisition of Equity Securities of any Target, the applicable Credit Party acquires not less than 100% of the Equity Securities of such Target;
- (i) the Acquisition Cost of which, when totalled with the aggregate Acquisition Cost of all other Acquisitions made since the Closing Date, does not exceed \$1,000,000;

provided that, notwithstanding the foregoing:

- (j) any Acquisition by a Credit Party from a Credit Party or Subsidiary shall be a Permitted Acquisition;
- (k) a Hostile Acquisition shall not be a Permitted Acquisition; and
- (l) any Acquisition involving a Conflict of Interest shall not be a Permitted Acquisition.

“Permitted Hedge Payment” means any payment under or in connection with any Secured Hedge Arrangement made when no Event of Default has occurred and is continuing; provided that:

- (a) the payment of any Early Termination Amount (as defined in the applicable ISDA Master Agreement); or
- (b) any other payment of a similar nature or economic effect, whether voluntary or mandatory;

shall cease to be a Permitted Hedge Payment if an Event of Default shall occur within 12 months after the time of such payment, such that it shall become subject to the sharing provisions of Section 2.16(4).

“Permitted Indebtedness” means:

- (a) Indebtedness under a Loan Document;
- (b) Indebtedness incurred pursuant to a Permitted Investment made by another Credit Party;
- (c) any Guarantee by a Credit Party of any Permitted Indebtedness of another Credit Party if such first Credit Party would be permitted to loan such Indebtedness directly to such second Credit Party by way of a Permitted Investment;
- (d) Capital Lease Obligations and Indebtedness secured by Purchase Money Liens, provided that the aggregate principal amount of Indebtedness permitted by this clause (d) shall not exceed \$2,000,000 at any time outstanding;
- (e) Secured Hedge Obligations;
- (f) Secured Cash Management Obligations;
- (g) EDC-Backed Indebtedness; and
- (h) Subordinated Affiliate Indebtedness.

“Permitted Investments” means:

- (a) Investments in Cash Equivalents;
- (b) any Investments by a Credit Party in another Credit Party , whether by way of Equity Securities, capital contribution or Indebtedness;
- (c) Investments held directly or indirectly by a Target at the time of its Permitted Acquisition;
- (d) any Investment acquired by a Credit Party from another from another Credit Party in whose hands it constituted a Permitted Investment; and
- (e) other Investments not exceeding \$1,000,000 at any time.

“Permitted Liens” means:

- (a) Liens in favour of the Administrative Agent for the benefit of the Secured Parties for the obligations of any Credit Party under or pursuant to the Loan Documents;

- (b) Liens granted by a Credit Party in favour of a Credit Party in order to secure any of the Indebtedness of such Credit Party to such Credit Party, provided that such Liens are subject to assignment and postponement arrangements satisfactory to the Administrative Agent;
- (c) Purchase Money Liens securing Permitted Indebtedness and Liens to secure Capital Lease Obligations that constitute Permitted Indebtedness;
- (d) Liens imposed by any Governmental Authority for Taxes not yet due and delinquent or which are being contested in good faith and by appropriate proceedings in compliance with Section 5.1(3), and, during such period during which such Liens are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Credit Party, provided that such Credit Party shall have set aside on its books reserves deemed adequate therefor and not resulting in qualification by auditors;
- (e) carrier's, warehousemen's, mechanics', materialmen's, repairmen's, construction and other like Liens arising by operation of applicable Law, arising in the ordinary course of business and securing amounts (i) which are not overdue for a period of more than 30 days, or (ii) which are being contested in good faith and by appropriate proceedings and, during such period during which amounts are being so contested, such Liens shall not be executed on or enforced against any of the assets of any Credit Party, provided that (iii) such Credit Party shall have set aside on its books reserves deemed adequate therefor and not resulting in qualification by auditors, (iv) such Credit Party is in compliance with any corresponding holdback requirements under applicable legislation;
- (f) undetermined or inchoate Liens and charges arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Law or which although filed or registered, relate to obligations not due and delinquent, including without limitation statutory Liens incurred, or pledges or deposits made, under worker's compensation, employment insurance and other social security legislation;
- (g) deposits or Liens over cash collateral securing (i) any performance obligation (which, for the avoidance of doubt, shall exclude any obligation to repay borrowed money) incurred in the ordinary course of business, or (ii) any Bonding Obligation with respect to such obligation;
- (h) reservations in the original crown grant, servitudes, easements, rights-of-way, restrictions and other similar encumbrances on real property imposed by applicable Law or incurred in the ordinary course of business and encumbrances consisting of zoning or building restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any Credit Party or zoning and building by-laws and ordinances and municipal by-laws and regulations with respect to real property so long as the same are complied with;
- (i) Liens of, or resulting from, any judgment or award that does not constitute an Event of Default under Section 7.1(k);

- (j) the rights reserved to or vested in Governmental Authorities by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, which affect any land, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof;
- (k) securities to public utilities or to any municipalities or Governmental Authorities or other public authority when required by the utility, municipality or Governmental Authorities or other public authority in connection with the supply of services or utilities to the Credit Parties;
- (l) Liens or covenants restricting or prohibiting access to or from lands abutting on controlled access highways or covenants affecting the use to which lands may be put; provided that such Liens or covenants do not materially and adversely affect the use of the lands by any Credit Party;
- (m) statutory Liens incurred or pledges or deposits made in favour of a Governmental Authority to secure the performance of obligations of any Credit Party under Environmental Laws to which any assets of such Credit Party are subject;
- (n) customary rights of set-off or combination of accounts in favour of a financial institution with respect to deposits maintained by it;
- (o) contractual rights of set-off granted in the ordinary course of business;
- (p) Liens or escrow arrangements with respect to cash deposits lodged in connection with a Permitted Acquisition;
- (q) Liens granted by any Credit Party to a landlord to secure the payment of arrears of rent in respect of leased properties in the Province of Quebec leased from such landlord, provided that such Lien is limited to the assets located at or about such leased properties;
- (r) the reservations, limitations, provisos and conditions, if any, expressed in any original patents or grants of real or immoveable property;
- (s) title defects or irregularities which are of a minor nature and in the aggregate will not materially impair the use of the property for the purpose for which it is held;
- (t) applicable municipal and other governmental restrictions affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and will not materially impair the use of the property for the purpose for which it is held; and
- (u) any extension, renewal or replacement of any of the foregoing;

provided, however, that the Liens permitted hereunder shall not be extended to cover any additional Indebtedness of the Credit Parties or their property (other than a substitution of like property), except Liens in respect of Capital Lease Obligations and Purchase Money Liens as permitted by clause (c) of this definition, or Liens as contemplated by clause (u) of this definition.

“**Person**” includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“**Platform**” means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

“**Post-Closing Requirements**” has the meaning set out in Section 5.1(9)(b).

“**Priority Payables**” means, with respect to any Person, any amount due to such Person which is secured by a Lien which ranks or is capable of ranking prior to or *pari passu* with the Liens created by the Security Documents, including amounts owing for wages, vacation pay, severance pay, employee deductions, sales tax, excise tax, Tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of GST input credits), income tax, workers compensation, government royalties, pension fund obligations including employee and employer pension plan contributions (including “normal cost”, “special payments” and any other payments in respect of any funding deficiencies or shortfalls), overdue rents or Taxes, and other statutory or other claims that have or may have priority over, or rank *pari passu* with, such Liens created by the Security Documents.

“**PST**” means all provincial sales taxes payable under the relevant sales tax legislation of Manitoba, Saskatchewan and British Columbia.

“**Purchase Money Lien**” means a Lien taken or reserved in personal property to secure payment of all or part of its purchase price (or to secure financing to fund such purchase price), provided that such Lien (a) secures an amount not exceeding the lesser of the purchase price of such personal property and the Fair Market Value of such personal property at the time such Lien is taken or reserved, (b) extends only to such personal property and its proceeds, and (c) is granted prior to or within 30 days after the purchase of such personal property.

“**QST**” means the Quebec sales tax imposed pursuant to an *Act respecting the Québec sales tax*.

“**Quarterly Date**” means each of the last day of each of March, June, September, and December in each calendar year.

“**Receivable**” means the indebtedness and payment obligations of any Person to any Credit Party or acquired by any Credit Party (including obligations constituting an account or general intangible or evidenced by a note, instrument, contract, security agreement, chattel paper or other evidence of indebtedness or security) arising from a sale of merchandise or the provision of services by such Credit Party or the Person from which such indebtedness and payment obligation were acquired by such Credit Party, including (a) any right to payment for goods sold or for services rendered and (b) the right to payment of any interest, sales taxes, finance charges, returned check or late charges and other obligations of such Person with respect thereto.

“**Register**” has the meaning set out in Section 9.4(3).

“**Registrations**” has the meaning set out in Section 5.1(14).

“**Reimbursement Obligations**” means, at any date, the obligations of the Borrower then outstanding in respect of the Letters of Credit to reimburse the Administrative Agent for the account

of the Issuing Bank for the amounts paid by the Issuing Bank in respect of any drawings under the Letters of Credit.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Related Non-Party Beneficiary” means, with respect to any Lender, any Non-Party Beneficiary that is a Related Party to such Lender.

“Release” is to be broadly interpreted and shall include an actual or potential discharge, deposit, spill, leak, pumping, pouring, emission, emptying, injection, escape, leaching, seepage or disposal of Hazardous Materials which is or may be in breach of any Environmental Laws.

“Relevant Agent” means, with respect to a Credit Party, any agent of such Credit Party that will act in any capacity in connection with, or benefit from, the Credits.

“Relevant Governmental Body” has the meaning set out in Section 2.12(1)(f).

“Required Lenders” means, subject to Section 2.21 at any time, Lenders having Revolving Credit Exposures, Term Credit Exposures and unused and uncanceled Commitments representing at least 66⅔% of the sum of the Total Revolving Credit Exposures, Total Term Credit Exposures and unused and uncanceled Commitments at such time; provided that if there are only two Lenders having Revolving Credit Exposures, Term Credit Exposures and unused and uncanceled Commitments at such time, “Required Lenders” shall mean both such Lenders.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means, with respect to any Person, the chairman, the president, any vice president, the chief executive officer or the chief operating officer, and, in respect of financial or accounting matters, any chief financial officer, principal accounting officer, treasurer or controller of such Person.

“Restricted Payment” means, with respect to any Person, any Payment by such Person:

- (a) of any dividend, distribution or return of capital with respect to its Equity Securities;
- (b) on account of the purchase, redemption, retirement or other acquisition of any of its Equity Securities, or any warrants, options or similar rights with respect to its Equity Securities;
- (c) on account of any principal of or interest or premium on, or the redemption or acquisition of, any Indebtedness of such Person that:
 - (i) by its terms or contractual postponement ranks in right of payment subordinate to any liability of such Person under the Loan Documents; or
 - (ii) is not permitted hereunder;
- (d) of any management, consulting or similar fee or any bonus payment or comparable payment, or by way of gift or other gratuity, to:

- (i) any director or officer of such Person (but excluding wages, payments made in connection with long-term incentive plans, and bonuses, in each case paid in the ordinary course of business and consistent with past practice); or
 - (ii) any Affiliate of such Person or director or officer thereof; or
- (e) for the purpose of setting apart any property for a sinking, defeasance or other analogous fund for any of the payments referenced above.

“Revolving Credit” means the \$10,000,000 revolving credit facility established by the Revolving Credit Lenders pursuant to their Revolving Credit Commitments.

“Revolving Credit Commitment” has the meaning set out in Section 2.1(1), and **“Revolving Credit Commitments”** means all of them.

“Revolving Credit Exposure” means, with respect to any Lender at any time, the sum of (a) the Canadian \$ Amount of the outstanding principal amount of such Lender’s Revolving Loans at such time, and (b) such Lender’s LC Exposure at such time, provided that, for the purposes of the definition of Total Revolving Credit Exposure and Section 2.1(1)(a), the Swingline Exposure will be deemed to be equal to the Swingline Commitment.

“Revolving Credit Lender” means any Lender having a Revolving Credit Commitment hereunder or a Revolving Loan outstanding hereunder.

“Revolving Credit Maturity Date” means February 7, 2028, as such date may be extended from time to time pursuant to Section 2.6.

“Revolving Loan” has the meaning set out in Section 2.1(1), and shall include Swingline Loans.

“Rolling Period” means each Fiscal Quarter taken together with the three immediately preceding Fiscal Quarters.

“Rose Lifescience” means Rose Lifescience Inc., a • corporation.

“S&P” means Standard & Poor’s Financial Services LLC.

“Sanctions” means, at any time, economic or financial sanctions or trade embargoes imposed, administered or enforced by:

- (a) the Office of Foreign Assets Control of the U.S. Department of Treasury; or
- (b) any other Governmental Authority that are applicable to any Party at such time.

“Sanctioned Person” means, at any time, any Person with whom any Party is prohibited or restricted from transacting or otherwise dealing under any Sanction, whether by reason of designation under such Sanction or otherwise.

“Secured Cash Management Obligations” means all indebtedness arising under or in connection with any Secured Cash Management Services.

“Secured Cash Management Provider” means any Lender or Lender Affiliate in its capacity as a provider of Cash Management Services. For the avoidance of doubt, a Person that ceases to be a Lender or Lender Affiliate (other than upon a Lender Termination Date) shall cease to be a Secured Cash Management Provider.

“Secured Cash Management Service” means any Cash Management Service provided by a Secured Cash Management Provider to the Borrower.

“Secured Financial Product Collateralization” means either (a) providing cash collateral (pursuant to documentation reasonably satisfactory to Administrative Agent) to be held by Administrative Agent for the benefit of providers of the Secured Cash Management Services and Secured Hedge Counterparties in an amount equal to 103% of the then existing Secured Cash Management Obligations and Secured Hedge Obligations (after taking into account all amounts owed by the counterparty to such Person in accordance with normal market practices (using the mark-to-market method whenever applicable)) or (b) providing Administrative Agent with a standby letter of credit, in form and substance reasonably satisfactory to Administrative Agent, from a commercial bank reasonably acceptable to Administrative Agent in an amount equal to 103% of the then existing Secured Cash Management Obligations and Secured Hedge Obligations (after taking into account all amounts owed by the counterparty to such Person in accordance with normal market practices (using the mark-to-market method whenever applicable)).

“Secured Hedge Arrangement” means any Hedge Arrangement between the Borrower and Person that is a Lender or Lender Affiliate at the time such Hedge Arrangement is entered into. For the avoidance of doubt, (i) any Hedge Arrangement entered into by a Credit Party with a Person before such Person is a Lender or Lender Affiliate or after such Person ceases to be a Lender or Lender Affiliate shall not be a Secured Hedge Arrangement, (ii) any Secured Hedge Arrangement shall continue as such notwithstanding that such Person ceases to be a Lender or Lender Affiliate, and (iii) as at the Closing Date there are no outstanding Hedge Arrangements between the Borrower and a Lender or Lender Affiliate.

“Secured Hedge Counterparty” means any Person party to Secured Hedge Arrangement other than a Credit Party, in such Person’s capacity as a party thereto. For the avoidance of doubt, (i) a Person shall remain a Secured Hedge Counterparty with respect to a Secured Hedge Arrangement if it ceases to be a Lender or a Lender Affiliate, and (ii) such Secured Hedge Arrangement shall continue to be secured by the Liens created under the Security Documents.

“Secured Hedge Obligations” means all Hedge Exposure arising under or in connection with Secured Hedge Arrangements; provided that amounts owing to or from a Person under Hedge Arrangements that are not Secured Hedge Arrangements shall not be taken into account in calculating Secured Hedge Obligations.

“Secured Liabilities” means all present and future indebtedness, liabilities and obligations of any and every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, mature or unmatured) of the Credit Parties to the Secured Parties under, in connection with or with respect to the Loan Documents (including Secured Cash Management Obligations, Secured Hedge Obligations and Erroneous Payment Subrogation Rights), and any unpaid balance thereof.

“Secured Parties” means the Administrative Agent, the Lenders the Secured Hedge Counterparties and the Secured Cash Management Providers.

“Security Documents” means the agreements or instruments described or referred to in Schedule 1.1(A) or Section 5.1(12) (including, to the extent such Section describes an amendment, the agreement or instrument amended thereby) and any and all other agreements or instruments now or hereafter executed and delivered by any Credit Party as security (including by way of guarantee) for the payment or performance of all or part of the Secured Liabilities, as any of the foregoing may have been, or may hereafter be, amended, modified or supplemented.

“Specified Restricted Payments” means all Restricted Payments other than those described in clause (d) of the definition of Restricted Payments.

“Specified Restricted Payment Expense” means, with respect to any period, the amount paid in cash during such period on account of Specified Restricted Payments.

“Subject EBITDA” means, with respect to any Person, an amount equal to **“EBITDA”** with respect to such Person calculated as if such definition and all amounts referred to therein were determined with respect to such Person (as opposed to the Borrower), determined on a consolidated basis or unconsolidated basis, as specified.

“Subordinated Creditor” means any Person that is owed Subordinated Affiliate Indebtedness or has any other right, title or interest therein.

“Subordinated Affiliate Indebtedness” means unsecured Indebtedness of a Credit Party owing to Village, a Subsidiary of Village, or an Affiliate of the Borrower that is subordinated to the Secured Liabilities pursuant to an Intercreditor Agreement on terms and conditions satisfactory to the Administrative Agent and the Required Lenders in their sole and absolute discretion.

“subsidiary” means, with respect to any Person (the **“parent”**) at any date, any other Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Borrower.

“Swap Obligation” means any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Swingline Account” means the Canadian Dollar bank account maintained by the Administrative Agent in the name of the Borrower and designated as such by the Administrative Agent.

“Swingline Borrowing” means a Borrowing comprised of a Swingline Loan.

“Swingline Commitment” has the meaning set out in Section 2.20(1). For the avoidance of doubt, the Swingline Commitment comprises part of, and is not in addition to, the Revolving Credit Commitment of the applicable Revolving Credit Lender.

“Swingline Exposure” means, at any time, the Canadian \$ Amount of the aggregate principal amount of all Swingline Loans outstanding at such time.

“Swingline Lender” means Canadian Imperial Bank of Commerce in its capacity as lender of Swingline Loans hereunder.

“Swingline Loan” has the meaning set out in Section 2.20(1).

“Target” means, with respect to any Acquisition, the Person whose shares or assets (or both) are proposed to be acquired.

“Taxes” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties with respect thereto, imposed by any Governmental Authority (including federal, state, provincial, municipal and foreign Governmental Authorities), and whether disputed or not.

“Term CORRA Adjustment” means, for any calculation with respect to a Term CORRA Loan, a percentage per annum as set forth below for the applicable Interest Period therefor:

<u>Interest Period</u>	<u>Percentage</u>
One month	0.29547%
Three months	0.32138%

“Term CORRA Administrator” means Candean Benchmark Administration Services Inc., TSX Inc., or any successor administrator.

“Term CORRA” means, for any calculation with respect to a Term CORRA Loan, the Term CORRA Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term CORRA Determination Day”) that is two (2) Business Days prior to the first day of such Interest Period, as such rate is published by the Term CORRA Administrator; provided, however, that if as of 1:00 p.m. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable tenor has not been published by the Term CORRA Administrator and a Benchmark Replacement Date with respect to the Term CORRA Reference Rate has not occurred, then Term CORRA will be the Term CORRA Reference Rate for such tenor as published by the Term CORRA Administrator on the first preceding Business Day for which such Term CORRA Reference Rate for such tenor was published by the Term CORRA Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day.

“Term CORRA Borrowing” means a Borrowing comprised of one or more Term CORRA Loans.

“Term CORRA Loan” means a Loan denominated in Canadian Dollars which bears interest at a rate based on Adjusted Term CORRA.

“Term CORRA Reference Rate” means the forward-looking term rate based on CORRA.

“Term Credit” means the \$27,400,000 term credit established by the Term Credit Lenders pursuant to their Term Credit Commitments.

“Term Credit Commitment” has the meaning set out in Section 2.1(2).

“Term Credit Exposure” means, with respect to any Lender at any time, the Canadian \$ Amount of the outstanding principal amount of such Lender’s Term Loans at such time.

“Term Credit Lender” means any Lender having a Term Credit Commitment hereunder or a Term Loan outstanding hereunder.

“Term Credit Maturity Date” means February 7, 2028 as such date may be extended from time to time pursuant to Section 2.6.

“Termination Date” means the first date on which:

- (a) the Lender Termination Date shall have occurred;
- (b) subject to clause (d)(ii) below, in the case of Secured Cash Management Obligations and Secured Hedge Obligations, Secured Financial Product Collateralization shall have been provided,
- (c) the Administrative Agent shall have received cash collateral in order to secure any other contingent Secured Liabilities for which a claim or demand for payment has been made on or prior to such time or in respect of matters or circumstances known to Administrative Agent or a Lender at such time that are reasonably expected to result in any loss, cost, damage, or expense (including legal fees and expenses), such cash collateral to be in such amount as Administrative Agent reasonably determines is appropriate to secure such contingent Secured Liabilities; and
- (d) the payment or repayment in full in immediately available funds of all other outstanding Secured Liabilities (including the payment of any termination amount then applicable (or which would or could become applicable as a result of the repayment of the other Secured Liabilities) under Secured Hedge Arrangements) other than (i) unasserted contingent indemnification Secured Liabilities, and (ii) any Secured Cash Management Obligations and Secured Hedge Obligations, that, at such time, are allowed by the provider to remain outstanding without being required to be repaid or collateralized under Secured Financial Product Collateralization.

“Term Loan” has the meaning set out in Section 2.1(2).

“Total Indebtedness” means, at any time, the aggregate amount of Indebtedness of the Borrower at such time (other than Subordinated Affiliate Indebtedness and LC Indebtedness), determined on a Consolidated basis.

“Total LC Exposure” means, at any time, the sum of (a) the Canadian \$ Amount of the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the Canadian \$ Amount

of the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time.

“Total Revolving Credit Commitments” means, at any time, the aggregate Revolving Credit Commitments of all Lenders as at such time.

“Total Revolving Credit Exposure” means, at any time, the aggregate Revolving Credit Exposures of all Lenders as at such time.

“Total Term Credit Exposure” means, at any time, the aggregate Term Credit Exposures of all Lenders as at such time.

“Transactions” means the execution, delivery and performance by the Credit Parties of the Loan Documents, the borrowing of Loans and the use of the proceeds thereof, and the issuance of Letters of Credit.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Canadian Prime Rate, Term CORRA or Daily Compounded CORRA, or whether such Borrowing takes the form of a Letter of Credit.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” has the meaning set out in Section 2.12(1)(f).

“Undisclosed Administration” means, in relation to a Lender or its direct or indirect parent company, the appointment of an administrator, provisional liquidator, conservator, receiver, receiver manager, trustee, custodian, or other similar official by a supervisory authority or regulator under or based on the law in the country where such Lender or such parent company is subject to home jurisdiction, if applicable Law requires that such appointment not be disclosed.

“Unfunded Capex Expense” means, with respect any period, Capital Expenditures made by the Borrower during such period on a consolidated basis that were not directly or indirectly funded with Permitted Indebtedness or an Equity Injection incurred or made concurrently or substantially concurrently.

“Village” means Village Farms International, Inc., a corporation subsisting under the laws of the Province of Ontario.

“Village LP” means Village Farms Canada Limited Partnership, a limited partnership formed and existing under the laws of British Columbia.

“Wholly-Owned Subsidiary” of a Person means any subsidiary of such Person of which securities (except for directors’ qualifying shares) or other ownership interests representing 100% of the equity or 100% of the ordinary voting power or 100% of the general partnership or membership interests are, at the time any determination is being made, owned, controlled or held by such Person or one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

“WURA” means *Winding Up and Restructuring Act* (Canada).

1.2 Classification of Loans and Borrowings.

For purposes of this Agreement, Loans may be classified and referred to by class (e.g., a “Revolving Loan”) or by Type (e.g., a “CORRA Loan”) or by class and Type (e.g., a “CORRA Revolving Loan”). Borrowings also may be classified and referred to by class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “CORRA Borrowing”) or by class and Type (e.g., a “CORRA Revolving Borrowing”).

1.3 Terms Generally.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “or” is disjunctive; the word “and” is conjunctive. The words “to the knowledge of” means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by such Person (or, in the case of a Person other than a natural Person, known by the Responsible Officer of such Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) would have been known by such Person (or, in the case of a Person other than a natural Person, would have been known by such Responsible Officer of such Person). For the purposes of determining compliance with or measuring status under any cap, threshold or basket hereunder denominated in Canadian Dollars, reference shall be had to the Equivalent Amount of any portion of the underlying component that is not denominated in Canadian Dollars. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or replaced (subject to any restrictions on such modifications set out herein), (b) any reference herein to any law, rule or regulation or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such law, rule or regulation or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns, (d) the words

“herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference herein to an action, document or other matter or thing being “satisfactory to the Lenders”, “to the Lenders’ satisfaction” or similar phrases, shall mean that such action, document, matter or thing must be satisfactory to Lenders constituting the Required Lenders, unless it is described in Section 9.2(2) (a) through (j), hereof, in which case it must be satisfactory to each Lender whose consent is required under the applicable clause.

1.4 Québec Matters.

For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement or any other Loan Document may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) “personal property” shall include “movable property”, (b) “real property” or “real estate” shall include “immovable property”, (c) “tangible property” shall include “corporeal property”, (d) “intangible property” shall include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall include a “hypothec”, “right of retention”, “prior claim”, “reservation of ownership” and a resolutory clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the Uniform Commercial Code or a Personal Property Security Act shall include publication under the *Civil Code of Québec*, (g) all references to “perfection” of or “perfected” liens or security interest shall include a reference to an “opposable” or “set up” hypothec as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall include a “right of compensation”, (i) “goods” shall include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall include a “mandatary”, (k) “construction liens” or “mechanics, materialmen, repairmen, construction contractors or other like Liens” shall include “legal hypothecs” and “legal hypothecs in favour of persons having taken part in the construction or renovation of an immovable”, (l) “joint and several” shall include “solidary”, (m) “gross negligence or wilful misconduct” shall be deemed to be “intentional or gross fault”, (n) “beneficial ownership” shall include “ownership on behalf of another as mandatary”, (o) “easement” shall include “servitude”, (p) “priority” shall include “rank” or “prior claim”, as applicable (q) “survey” shall include “certificate of location and plan”, (r) “state” shall include “province”, (s) “fee simple title” shall include “absolute ownership” and “ownership” (including ownership under a right of superficies), (t) “accounts” shall include “claims”, (u) “legal title” shall be including “holding title on behalf of an owner as mandatary or prete-nom”, (v) “ground lease” shall include “emphyteusis” or a “lease with a right of superficies, as applicable, (w) “leasehold interest” shall include “rights resulting from a lease”, (x) “lease” shall include a “leasing contract” and (y) “foreclosure” shall include “the exercise of hypothecary recourse”, and (z) “guarantee” and “guarantor” shall include “suretyship” and “surety”, respectively. 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.*

1.5 Accounting Terms; GAAP.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP. Except as otherwise expressly provided herein, all calculations of the components of the financial information for the purposes of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence as at the Closing Date and used in the preparation of the Consolidated financial statements of the Borrower referred to in Section 5.1(1). In the event of a change in GAAP, the Borrower and the Administrative Agent shall negotiate in good faith to revise (if appropriate) such ratios and covenants to give effect to the intention of the parties under this Agreement as at the Closing Date, and any new financial ratio or financial covenant shall be subject to approval by the Required Lenders. Until the successful conclusion of any such negotiation and approval by the Required Lenders, (a) all calculations made for the purpose of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence immediately prior to such adoption or change, and (b) financial statements delivered pursuant to Section 5.1(1) shall be accompanied by a reconciliation showing the adjustments made to calculate such financial ratios and financial covenants. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

1.6 Time.

All time references herein shall, unless otherwise specified, be references to local time in Toronto, Ontario. Time is of the essence of this Agreement and the other Loan Documents.

1.7 Third Party Beneficiaries.

(1) Except as set out in clause (2) below, this Agreement and the Security Documents are for the sole benefit of the Parties and nothing in them, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement or the Security Documents.

(2) Each Non-Party Beneficiary shall be entitled to enjoy the benefit of those provisions of this Agreement and the Security Documents that, by their terms, are in favour of such Non-Party Beneficiary (including all Liens granted for its benefit as a Secured Party). In furtherance thereof, each Party (i) accepts such provisions as agent and trustee for its Related Non-Party Beneficiaries, and (ii) shall be entitled to enforce such provisions on behalf of its Related Non-Party Beneficiaries. For the avoidance of doubt, any reference to a Permitted Lien shall not serve to subordinate or postpone any Lien created by any Security Document to such Permitted Lien.

(3) Notwithstanding clause (2) above or any other term of this Agreement or any Security Document, the consent of any Non-Party Beneficiary or other Person who is not a Party is not required to amend, modify or supplement this Agreement or any Security Document.

1.8 Rates.

The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other

matter related to the Canadian Prime Rate, Term CORRA or Daily Compounded CORRA (each, a “**Subject Rate**”) or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as any Subject Rate or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Subject Rate, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any Subject Rate or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other Person for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE 2 THE CREDITS

2.1 Commitments.

(1) *Revolving Credit.* Subject to the terms and conditions set forth herein, each Revolving Credit Lender commits to make loans (each such loan made under this Section 2.1(1), a “**Revolving Loan**”) to the Borrower from time to time during the period commencing on the Closing Date and ending on the Revolving Credit Maturity Date (each such commitment, a “**Revolving Credit Commitment**”) in an aggregate principal amount outstanding up to the amount set forth beside such Lender’s name in Schedule 2.1 under the heading “Revolving Credit Commitment”; provided that a Revolving Credit Lender shall not be required to extend further credit hereunder if such extension would result in (a) such Revolving Credit Lender’s Revolving Credit Exposure exceeding such Revolving Credit Lender’s Revolving Credit Commitment, or (b) the Total Revolving Credit Exposure exceeding either the Total Revolving Credit Commitments or the Borrowing Base. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow Revolving Loans.

(2) *Term Credit.* Subject to the terms and conditions set forth herein, each Term Credit Lender commits to make a loan (each such loan made under this Section 2.1(2), a “**Term Loan**”) to the Borrower by way of a single advance on the Closing Date (each such commitment, a “**Term Credit Commitment**”) in an aggregate principal amount up to the amount set forth beside such Lender’s name in Schedule 2.1 under the heading “Term Credit Commitment”. Any undrawn portion of any Term Credit Commitment shall be cancelled immediately following such single advance.

2.2 Loans and Borrowings.

(1) *Loans.* Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Revolving Credit Lenders rateably based upon their Applicable Percentages. Each Term Loan shall be made as part of a Borrowing consisting of Term Loans made by the Term Credit Lenders rateably based upon their Applicable Percentages. Each Swingline Loan shall be made in accordance with the procedures set forth in Section 2.20. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the

Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(2) *Composition of Borrowings.* Subject to Section 2.20, each Revolving Borrowing shall be comprised entirely of Canadian Prime Loans, Term CORRA Loans, Daily Compounded CORRA Loans, or Letters of Credit as the Borrower may request in accordance herewith. Each Term Borrowing shall be comprised entirely of Canadian Prime Loans, Term CORRA Loans, or Daily Compounded CORRA Loans as the Borrower may request in accordance herewith.

(3) *Amount of Borrowings.* At the commencement of each Interest Period for any CORRA Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$1,000,000. At the time that each Canadian Prime Borrowing (other than a Swingline Loan) is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$1,000,000 provided that a Canadian Prime Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total applicable Commitments or that is required to finance the reimbursement of an LC Disbursement. Borrowings of more than one Type and class may be outstanding at the same time; provided that there shall not at any time be more than a total of 10 CORRA Borrowings outstanding.

2.3 Requests for Borrowings.

(1) *Requesting a Borrowing.* To request a Borrowing (other than a Swingline Loan), the Borrower shall notify the Administrative Agent of such request in writing substantially in the form of Exhibit B (each, a "**Borrowing Request**") (a) in the case of a CORRA Borrowing, not later than 11:00 a.m. three Business Days before the date of the proposed Borrowing, or (b) in the case of a Canadian Prime Borrowing, not later than 11:00 a.m., one Business Day before the date of the proposed Borrowing; provided that any such notice of a Canadian Prime Borrowing to finance the reimbursement of an LC Disbursement shall not be given later than 10:00 a.m. on the date of the proposed Borrowing. Each Borrowing Request shall be irrevocable. The Administrative Agent and each Lender are entitled to rely and act upon any Borrowing Request given or purportedly given by the Borrower, and the Borrower hereby waives the right to dispute the authenticity and validity of any such request or resulting transaction once the Administrative Agent or any Lender has advanced funds, based on such Borrowing Request. Each Borrowing Request shall specify the following information:

- (a) the aggregate amount of each requested Borrowing, and whether such Borrowing will consist of Revolving Loans or Term Loans;
- (b) the date of such Borrowing, which shall be a Business Day;
- (c) whether such Borrowing is to be a Canadian Prime Borrowing, a Term CORRA Borrowing, a Daily Compounded CORRA Borrowing or a Letter of Credit;
- (d) in the case of a CORRA Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (e) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply herewith.

(2) *Default Terms.* If no election as to whether the Borrower is to be a Canadian Prime Borrowing, a term CORRA Borrowing, a Daily Compounded CORRA Borrowing or a Letter of Credit is

specified, then the requested Borrowing shall be a Canadian Prime Borrowing. If no Interest Period is specified with respect to any requested CORRA Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with Section 2.1(2), the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(3) *Conversion or Rollover of Borrowings.* Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request. Thereafter, the Borrower may elect to convert a Borrowing to a different Type or to rollover such Borrowing and, in the case of a CORRA Borrowing, may elect a new Interest Period therefor, all as provided in this Section 2.3(3). The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated rateably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section 2.3(3) shall not apply to Swingline Loans, which may not be converted or continued. To make an election pursuant to this Section 2.3(3), the Borrower shall notify the Administrative Agent of such election by the time that a Borrowing Request would be required under Section 2.3(1) if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such request shall be irrevocable. In addition to the information specified in Section 2.3(1), each written Borrowing Request shall specify the Borrowing to which such request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing. Notwithstanding the foregoing, the Borrower is not entitled to elect a new Interest Period in respect of a CORRA Borrowing, or to convert a Borrowing of any Type into a CORRA Borrowing, if a Default has occurred and is continuing.

(4) *Deemed Election to Convert.* In the absence of a timely and proper election (including due to the existence of a Default) with regard to CORRA Borrowings, the Borrower shall be deemed to have elected to convert such CORRA Borrowings to Canadian Prime Borrowings on the last day of the Interest Period of the relevant CORRA Borrowings.

2.4 Funding of Borrowings.

(1) *Funding.* Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.20. The Administrative Agent shall make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in Toronto and designated by the Borrower in the applicable Borrowing Request.

(2) *Each Lender's Share of Borrowing.* Unless the Administrative Agent has received written notice from a Lender one Business Day prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.4(1) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the Administrative Agent shall seek repayment of such corresponding amount, firstly, from the applicable Lender and, secondly, from the Borrower, if the applicable Lender does not immediately repay such corresponding amount. The applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding

the date of payment to the Administrative Agent, at the default interest rate applicable to Canadian Prime Loans (if the unpaid amount is denominated in Canadian Dollars). If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be made without prejudice to any claim the Borrower may have against a Defaulting Lender.

2.5 Interest.

(1) *Interest.* The Loans comprising each Canadian Prime Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days or 366 days, as the case may be) at a rate per annum equal to the Canadian Prime Rate plus the Applicable Margin from time to time in effect. The Loans comprising each Term CORRA Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days) at a rate per annum equal to Adjusted Term CORRA plus the Applicable Margin from time to time in effect. The Loans comprising each Daily Compounded CORRA Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days) at a rate per annum equal to Adjusted Daily Compounded CORRA plus the Applicable Margin from time to time in effect.

(2) *Before and After Judgment Interest.* Notwithstanding the foregoing, if a Default or an Event of Default shall have occurred and be continuing, the Loans shall bear interest, after as well as before judgment:

- (a) subject to Sections 2.5(2)(b) and (c), at a rate per annum equal to 2% plus the rate otherwise applicable to such Loan or, in the case of any amount not constituting principal or interest on a Loan, at a rate equal to 2% plus the rate otherwise applicable to, in the case of Canadian Dollar amounts, Canadian Prime Loans (such 2% increase being the "**Default Interest**");
- (b) if the rate provided for in Section 2.5(2)(a) is determined to be unenforceable, then at a rate per annum equal to the rate otherwise applicable to such Loan or, in the case of any amount not constituting principal or interest on a Loan, at a rate equal to the rate otherwise applicable to, in the case of Canadian Dollar amounts, Canadian Prime Loans; and
- (c) notwithstanding the terms of any other Loan Document, Default Interest shall not be secured by a mortgage on real property or a hypothec on immovables, and no proceeds of realization upon such lands shall be applied against Default Interest.

For the avoidance of doubt, Default Interest shall otherwise be secured by the Liens granted under the Security Documents and be fully recoverable against the proceeds of realization upon personal property and real property upon which the Administrative Agent does not hold a Lien.

(3) *Accrued Interest.* Accrued interest on each Loan shall be payable in arrears on (a) each applicable Interest Payment Date, (b) in the case of Revolving Loans, upon termination of the Revolving Credit Commitments, and (c) in the case of Term Loans, upon termination of the Term Credit Commitments. In addition, in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. Interest on overdue amounts shall be payable upon demand.

(4) *Days Interest Payable.* All interest hereunder shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Any Loan that is repaid on the same day on which it is made shall bear interest for one day. The applicable Canadian Prime Rate, Adjusted Term

CORRA and Adjusted Daily Compounded CORRA shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

(5) *Yearly Rate of Interest.*

- (a) For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid under any Loan Document is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.
- (b) The Borrower acknowledges and confirms that:
 - (i) clause (a) above satisfies the requirements of Section 4 of the *Interest Act* (Canada) to the extent it applies to the expression or statement of any interest payable under any Loan Document; and
 - (ii) each Credit Party is able to calculate the yearly rate or percentage of interest payable under any Loan Document based upon the methodology set out in clause (a) above.
- (c) The Borrower agrees not to, and to cause each Credit Party not to, plead or assert, whether by way of defence or otherwise, in any proceeding relating to the Loan Documents, that the interest payable thereunder and the calculation thereof has not been adequately disclosed to any Credit Party, whether pursuant to Section 4 of the *Interest Act* (Canada) or any other applicable Law or legal principle.
- (d) Notwithstanding anything to the contrary contained in this Agreement, if the amount of interest payable under any Loan Document is reduced by virtue of the application of Section 4 of the *Interest Act* (Canada), then the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, if an Event of Default pursuant to Sections 7.1(h) or (i) shall have occurred and be continuing, automatically and without further action by the Administrative Agent), an amount equal to the amount of such reduction.

(6) *Criminal Interest.* If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by applicable Law or would result in a receipt by that Lender of “interest” at a “criminal rate” (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by that Lender of “interest” at a “criminal rate”, such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

- (a) first, by reducing the amount or rate of interest to be paid to the affected Lender under Section 2.5; and

- (b) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

(7) *Reconciliation for Additional Interest and Fees.* Notwithstanding anything to the contrary contained in this Agreement, if, as a result of any restatement or other adjustment to the financial statements delivered under this Agreement (including any adjustment to unaudited financial statements as a result of subsequent audited financial statements) or for any other reason, the reported Leverage Ratio as of any applicable date was inaccurate and, as a result of such occurrence the Applicable Margins applicable to any Loans or any fees for any period were lower than would otherwise be the case, then the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent (or, if an Event of Default pursuant to Sections 7.1(h), (i) or (j) shall have occurred and be continuing, automatically and without further action by the Administrative Agent), an amount equal to the excess of the amount of interest and fees that should have been paid by the Borrower for such period over the amount of interest and fees actually paid by the Borrower for such period, plus interest on such amount at the rate otherwise applicable herein. The Borrower's obligations under this Section 2.5(7) shall survive the termination of the Commitments and the repayment of all Indebtedness hereunder.

2.6 Termination and Reduction of Commitments; Extensions.

(1) *Maturity Dates.* Unless previously terminated, the Revolving Credit Commitments shall terminate on the Revolving Credit Maturity Date, and the Term Credit Commitments shall terminate on the Term Credit Maturity Date.

(2) *Cancellation of Unused Credit.* The Borrower may, upon five Business Days' prior written notice to the Administrative Agent, permanently cancel any unused portion of the Revolving Credit, without penalty. The Administrative Agent shall promptly notify each Revolving Credit Lender of the receipt by the Administrative Agent of any such notice. Any such cancellation shall be applied rateably in respect of the Revolving Credit Commitments of each Revolving Credit Lender. Each notice delivered by the Borrower pursuant to this Section 2.6(2) shall be irrevocable.

2.7 Repayment of Loans.

(1) *Repayment of Revolving Credit.* The Borrower hereby unconditionally promises to pay (a) to the Administrative Agent for the account of the Revolving Credit Lenders the outstanding principal amount of the Revolving Loans on the Revolving Credit Maturity Date, and (b) to the Swingline Lender the then unpaid principal amount of each Swingline Loan outstanding, on the request of the Swingline Lender, provided such request occurs no earlier than 5 Business Days after such Swingline Loan is made.

(2) *Repayment of Term Credit.* The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of the Term Credit Lenders the outstanding principal amount of the Term Loans in instalments in the amounts and on the dates set forth below (in each case as reduced by the application of any prepayments made pursuant to Section 2.9) with such payments to be applied on a pro rata basis to the Term Loans of each Term Credit Lender based upon its Applicable Percentage at the time of such payment:

Date

Amount

Each Quarterly Date, commencing June 30, 2025

\$1,000,000

On the Term Credit Maturity Date.

The remaining unpaid amount of the Term Loans

2.8 Evidence of Debt.

(1) *Accounts of Indebtedness.* Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Borrowing made by such Lender hereunder, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(2) *Account Details.* The Administrative Agent shall maintain accounts in which it shall record (a) the amount of each Borrowing made hereunder, the class and Type thereof and, in the cases of CORRA Loans, the relevant Interest Period, applicable thereto, (b) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, and (c) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(3) *Accounts Conclusive.* The entries made in the accounts maintained pursuant to Sections 2.8(1) and (2) shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Borrowings in accordance with the terms of this Agreement. In the event of a conflict between the records maintained by the Administrative Agent and any Lender, the records maintained by the Administrative Agent shall govern.

(4) *Promissory Notes.* Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

2.9 Prepayments.

(1) *Borrowing Base.* If at any time the Total Revolving Credit Exposure exceeds the Borrowing Base, then the Borrower shall immediately pay to the Administrative Agent, for the account of the Revolving Credit Lenders, the amount of such excess to be applied (a) as a prepayment of the Revolving Loans and Reimbursement Obligations outstanding, and (b) thereafter as LC Cover for any Total LC Exposure in an amount of such remaining excess.

(2) *Mandatory Loan Prepayments.*

(a) In the event of an Asset Disposition by any Credit Party, the Borrower shall, within three (3) Business Days of such Asset Disposition, prepay (by payment to the Administrative Agent for the account of the Lenders) an aggregate principal amount of Loans equal to the

amount of Net Proceeds therefrom; provided that this prepayment requirement shall not apply:

- (i) to that portion of such Net Proceeds which, when aggregated with the Net Proceeds from any other Asset Disposition made in the same Fiscal Year in respect of which payment has not been made pursuant to Section 2.9(2)(a), is less than \$1,000,000; or
 - (ii) to that portion of such Net Proceeds used by a Credit Party to purchase replacement assets within 180 days of their receipt if, within three (3) days of such receipt the Borrower has notified the Administrative Agent of its intention to apply such Net Proceeds in such manner.
- (b) In the event of a Casualty Event with respect to any Credit Party, the Borrower shall, within three (3) Business Days of receipt of any proceeds therefrom, prepay (by payment to the Administrative Agent for the account of the Lenders) an aggregate principal amount of Loans equal to the amount of Net Proceeds therefrom.
- (c) Prepayments of the Loans pursuant to Section 2.9(2) shall be applied (i) first, to the permanent prepayment of the Amortization Payments required to be made in respect of the Term Credit, in inverse order of maturity, and (ii) second, to the permanent prepayment of amounts outstanding under the Revolving Credit and the permanent cancellation of a corresponding portion of the Revolving Credit. The Borrower shall provide to the Administrative Agent written notice of such prepayment at least three Business Days prior to the date such prepayment is to be made; provided that any failure to do so shall not relieve the Borrower of the prepayment obligation in question.

(3) *Voluntary Prepayments.* The Borrower may, at its option, at any time and from time to time, prepay without penalty (subject to Section 2.14) or premium the Loans, in whole or in part, upon giving three Business Days' prior written notice to the Administrative Agent. Such notice shall specify the date and amount of prepayment and whether the prepayment is of (i) Revolving Loans or Term Loan (or a combination thereof), and (ii) Canadian Prime Loans, Term CORRA Loans, Daily Compounded CORRA Loans, or any combination thereof, and, in each case if a combination thereof, the principal amount allocable to each. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein. Prepayments of the Term Loans pursuant to this Section 2.9(3) shall be applied against all of the Amortization Payments in the inverse order of maturity.

(4) *Notice by Borrower.* Each notice provided by the Borrower hereunder in respect of any prepayment hereunder shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Each partial voluntary prepayment of any Borrowing under the Term Credit shall be permanent and shall be in an amount that would be permitted in the case of a Borrowing as provided in Section 2.2(3).

(5) *Notice by Administrative Agent.* Upon receipt of a notice of prepayment pursuant to Section 2.9, the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's share of such prepayment based upon its Applicable Percentage

(6) *General.* Any amount required to be prepaid on a date pursuant to Section 2.9 shall be due and payable together with any amount payable pursuant to Section 2.14 and accrued interest to such date on such amount in accordance with Section 2.5(3). Any prepayment pursuant to Sections 2.9(1) shall be

applied within a Credit first to Canadian Prime Loans and second to CORRA Loans, and the Borrower shall convert funds received pursuant to Section 2.9(2)(a) as required to do so. No prepayment of any Term Loan may be reborrowed.

2.10 Fees.

(1) *Standby Fees.* The Borrower shall pay to the Administrative Agent for the account of and distribution to each Revolving Credit Lender a standby fee for the period commencing on the Closing Date to and including the Revolving Credit Maturity Date (or such earlier date as the Revolving Credit Commitments shall have been terminated entirely) computed at a rate per annum equal to the rate stipulated under "Standby Fee" in the definition of Applicable Margin on the excess amount of the Revolving Credit Commitment of such Revolving Credit Lender over its Revolving Credit Exposure. Such standby fee shall be (a) payable in arrears on each Quarterly Date, commencing on the first Quarterly Date to occur after the Closing Date, and on the date on which the Revolving Credit Commitments terminate, and (b) computed daily on the basis of a year of 365 or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(2) *Participation and Fronting Fees.* With respect to Letters of Credit, the Borrower shall pay:

- (i) to the Administrative Agent for the account of each Revolving Credit Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the Applicable Margin for Letters of Credit on the daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Closing Date to but excluding the later of the date on which such Lender's Revolving Credit Commitment terminates and the date on which such Lender ceases to have any LC Exposure; and
- (ii) to the Issuing Bank (x) a fronting fee which shall accrue at the rate of 12.5 basis points per annum on the daily amount of the Total LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements during the period from and including the Closing Date to but excluding the later of the date of termination of the Revolving Credit Commitments and the date on which there ceases to be any Total LC Exposure, and (y) the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder;

Participation fees and fronting fees shall be (a) payable in arrears on each Quarterly Date, commencing on the first Quarterly Date to occur after the Closing Date and on the date on which the Revolving Credit Commitments terminate, and (b) computed daily on the basis of a year of 365 days or 366 days, as the case may be, and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Participation and fronting fees accruing after the date on which the Revolving Credit Commitments terminate shall be payable on demand.

(3) *Upfront Fees.* The Borrower shall pay to the Administrative Agent for the account of each Lender, an upfront fee equal to 0.30% of such Lender's aggregate Commitments on the Closing Date, the entirety of which upfront fee shall be due and payable on the Closing Date.

(4) *Fees to Administrative Agent.* The Borrower shall pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon in the Fee Letter.

(5) *Payment of Fees.* All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank in the case of fees payable to it) for distribution, in the case of standby and participation fees, to the Lenders. Fees paid shall not be refundable except in the case of manifest error in the calculation of any fee payment.

2.11 Inability to Determine Rates.

(1) *Subject to Section 2.12*, if, on or prior to the first day of any Interest Period for any Term CORRA Loan or Daily Compounded CORRA Loan, as applicable:

- (a) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that “Adjusted Term CORRA”, or “Adjusted Daily Compounded CORRA”, as applicable, cannot be determined pursuant to the definition thereof, for reasons other than a Benchmark Transition Event, or
- (b) the Required Lenders determine that for any reason in connection with any request for a Term CORRA Loan, or Daily Compounded CORRA Loan applicable, or a conversion thereto or a continuation thereof, that Adjusted Term CORRA, or Adjusted Daily Compounded CORRA, as applicable, for any requested Interest Period with respect to a proposed Term CORRA Loan, or Daily Compounded CORRA Loan, as applicable, does not adequately and fairly reflect the cost to such Lenders of making and maintaining such Loan, and the Required Lenders have provided notice of such determination to the Administrative Agent,

the Administrative Agent will promptly so notify the Borrower and each Lender.

(2) Upon delivery of such notice by the Administrative Agent to the Borrower under Section 2.11(1), any obligation of the Lenders to make Term CORRA Loans, Daily Compounded CORRA Loans, as applicable, and any right of the Borrower to continue Term CORRA Loans, Daily Compounded CORRA Loans, as applicable, or to convert Canadian Prime Loans to Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, shall be suspended (to the extent of the affected Term CORRA Loans, or Daily Compounded CORRA Loans, as applicable, or affected Interest Periods) until the Administrative Agent (with respect to clause (b), at the instruction of the Required Lenders) revokes such notice.

(3) Upon receipt of such notice by the Administrative Agent to the Borrower under Section 2.11(1),

- (a) the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Term CORRA Loans, Daily Compounded CORRA Loans (to the extent of the affected Term CORRA Loans, Daily Compounded CORRA Loans or affected Interest Periods);
- (b) in respect of Term CORRA Loans, the Borrower may elect to convert any such request into a request for a Borrowing of or conversion to Daily Compounded CORRA Loans;
- (c) in respect of Term CORRA Loans, the Borrower may elect to convert any outstanding affected Term CORRA Loans at the end of the applicable Interest Period, into Daily Compounded CORRA Loans;

- (d) subject to (a) and (b), the Borrower will be deemed to have converted any such request for Term CORRA Loans or Daily Compounded CORRA Loans into a request for a Borrowing of or conversion to Prime Rate Loans, in each case in the amount specified therein;
- (e) subject to (c), any outstanding affected Term CORRA Loans or Daily Compounded CORRA Loans, as applicable, will be deemed to have been converted, at the end of the applicable Interest Period, into Prime Rate Loans, in each case at the end of the applicable Interest Period.

Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 2.14.

- (4) [Reserved.]

(5) Subject to Section 2.12(1), if the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that “Adjusted Term CORRA” cannot be determined pursuant to the definition thereof on any given day, the interest rate on Canadian Prime Loans shall be determined by the Administrative Agent without reference to clause (b) of the definition of “Canadian Prime Rate” until the Administrative Agent revokes such determination.

2.12 Rate Fallbacks.

- (1) CORRA Fallback.
- (a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders. If the Benchmark Replacement is Adjusted Daily Compounded CORRA, all interest payments will be payable on the last day of each Interest Period. No Secured Hedge Arrangement shall be deemed to be a “Loan Document” for purposes of this Section 2.12(1)).
- (b) *Benchmark Replacement Conforming Changes.* In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments

implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

- (c) *Notices; Standards for Decisions and Determinations.* The Administrative Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will notify the Borrower of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.12(1)(d) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.12(1) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.12(1).
- (d) *Unavailability of Tenor of Benchmark.* Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term CORRA) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.
- (e) *Benchmark Unavailability Period.* Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Loans, which are of the Type that have a rate of interest determined by reference to the then-current Benchmark, to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to, (i) for a Benchmark Unavailability Period in respect of Term CORRA, Daily Compounded CORRA Loans, and (ii) for a Benchmark Unavailability Period in respect of a Benchmark other than Term CORRA, Canadian Prime Loans.
- (f) *Definitions.* As used in this Section 2.12(1) or otherwise with respect to CORRA:

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 2.12(1)(d).

“Benchmark” means, initially, the Term CORRA Reference Rate or Daily Compounded CORRA, as the case may be; provided that if a Benchmark Transition Event has occurred with respect to the Term CORRA Reference Rate, Daily Compounded CORRA, or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.12(1)(a).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event:

- (a) where a Benchmark Transition Event has occurred with respect to Term CORRA Reference Rate, Daily Compounded CORRA; and
- (b) where a Benchmark Transition Event has occurred with respect to a Benchmark other than the Term CORRA Reference Rate, the sum of: (i) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (ii) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Canadian Dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Date” means a date and time determined by the Administrative Agent, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

- (a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or
- (b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Bank of Canada, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

- (c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Unavailability Period**” means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.12(1) and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.12(1).

“**Conforming Changes**” means, with respect to the use or administration of a Benchmark or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Canadian Prime Rate,” the definition of “Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of Borrowing Requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.14 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“**Relevant Governmental Body**” means the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.

“**Unadjusted Benchmark Replacement**” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

2.13 Increased Costs; Illegality.

- (1) *Compensation for Increased Costs.* If any Change in Law shall:
 - (a) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender; or

- (b) impose on any Lender or Issuing Bank any other condition affecting this Agreement (including the imposition on any Lender of, or any change to, any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) and (c) of the definition of Excluded Taxes and (C) Connection Income Taxes) or other charge with respect to its Loans or any Letter of Credit or participation therein, or its obligation to make Loans or issue or participate in any Letter of Credit;

and the result of any of the foregoing is to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower shall pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(2) *Compensation for Reduced Rate of Return.* If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or liquidity or on the capital or liquidity of such Lender's holding company or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy or liquidity and such Lender's desired return on capital), then from time to time the Borrower shall pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company for any such reduction suffered. Notwithstanding anything herein to the contrary, (a) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, and Basel Committee on Banking Supervision (or any successor or similar authority) or by the United States, Canadian or foreign regulatory authorities, in each case pursuant to Basel III, and (b) the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (United States) and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a Change in Law for purposes of this Section 2.13(2) regardless of the date enacted, adopted, issued or implemented.

(3) *Certificate.* A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender as specified in Sections 2.13(1) or (2), together with a brief description of the Change in Law, shall be delivered to the Borrower by such Lender, and shall be conclusive absent manifest error. In preparing any such certificate, a Lender shall be entitled to use averages and to make reasonable estimates, and shall not be required to "match contracts" or to isolate particular transactions. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(4) *[Reserved.]*

(5) *Illegality.*

- (a) If any Lender determines that it is unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable lending office to make or maintain any Loan (or to maintain its obligation to make any Loan), or to participate in, issue or maintain any Letter of Credit (or to maintain its obligation to participate in or to

issue any Letter of Credit), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. For the avoidance of doubt, such suspension shall occur notwithstanding that the activity in question was unlawful on the Closing Date. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay (or, if conversion would avoid the activity that is unlawful, convert) any Loans, or take any necessary steps with respect to any Letter of Credit in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different lending office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

- (b) If any Lender determines that it is unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender to hold or benefit from a Lien over any parcel of real property located in the United States, then such Lender may, by written notice to the Administrative Agent, disclaim any benefit of such Lien over such parcel to the extent of such illegality following which such Lender shall not share in any proceeds of realization upon such parcel; provided that, any such determination or disclaimer shall not invalidate, render unenforceable or otherwise impact in any manner whatsoever such Lien over such parcel with respect to any of the other Secured Parties.

2.14 Break Funding Payments.

In the event of (a) the failure by the Borrower to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered by the Borrower pursuant hereto, (b) the payment or conversion of any CORRA Loan other than on the last day of an Interest Period (including as a result of an Event of Default), or (c) the assignment of any Loan (including the assignment of any CORRA Loan) other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event, including any loss, cost or expense arising from the liquidation or redeployment of funds or from any fees payable. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.14 shall be delivered to the Borrower by such Lender and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

2.15 Taxes.

(1) *Gross-up for Taxes.* Any and all payments by or on account of any obligation of any Credit Party hereunder or under any Loan Document shall be made free and clear of and without deduction or withholding for any Taxes except as required by applicable Laws; provided that if any Credit Party shall be required to deduct or withhold any Taxes from such payments, then:

- (a) in the case of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that, after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under Section 2.15), the Administrative Agent, Lender or Issuing Bank (as the case may be) receives an

amount equal to the sum it would have received had no such deduction or withholding been made;

- (b) the applicable Credit Party shall make such required deduction or withholding; and
- (c) the applicable Credit Party shall pay to the relevant Governmental Authority the full amount deducted or withheld in accordance with, and within the time limits prescribed by, applicable Law.

(2) *Stamp and Other Taxes.* In addition to the payments required by Section 2.15(1), the Borrower shall pay any and all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement to the relevant Governmental Authority in accordance with applicable Law ("**Other Taxes**").

(3) *Indemnity for Taxes.* The Borrower shall indemnify the Administrative Agent, each Lender and Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes paid by the Administrative Agent, such Lender or Issuing Bank (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under Section 2.15) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Bank, shall be conclusive absent manifest error.

(4) *Evidence of Tax Payments.* As soon as practicable after any payment of Indemnified Taxes described in Section 2.15(1) or (2) by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(5) *[Reserved.]*

(6) *Indemnification by the Lenders.* Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), and (ii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (6).

(7) *Status of Lenders.* Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, prior to the date on which such Lender becomes a Lender under this Agreement or acquired an interest therein and at the time or times reasonably requested by the Borrower or

the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(8) *Survival.* The obligations under this Section 2.15 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

2.16 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(1) *Payments.* The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, amounts payable under any indemnity contained herein, or otherwise hereunder) prior to 12:00 noon, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension, provided that, in the case of any payment with respect to a CORRA Loan, the date for payment shall be advanced to the next preceding Business Day if the next succeeding Business Day is in a subsequent calendar month. All payments under this Agreement shall be made in Canadian Dollars. The Borrower hereby irrevocably authorizes the Administrative Agent to debit any bank account of the Borrower which is maintained with the Administrative Agent to effect any payment due to the Lenders or the Administrative Agent pursuant to this Agreement; provided that (i) any action or proceeding pursuant to such authorization shall not be considered as a demand for payment under, or enforcement of or realization on, any Loan Document, but rather a standing direction by the Borrower to the Administrative Agent, and (ii) the Administrative Agent shall be permitted to act upon such authorization in its sole and absolute discretion, but shall not be required to do so without the written instruction of the Required Lenders. Any resulting overdraft in such account shall be payable by the Borrower to the Administrative Agent in same day funds.

(2) *Allocation of Insufficient Funds.* If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (a) first, towards payment of interest and fees then due hereunder, rateably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (b) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, rateably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(3) *Allocation of Funds in Event of Default.* If an Event of Default shall have occurred and be continuing, all payments or proceeds thereafter received by the Administrative Agent hereunder or under any other Loan Document in respect of any of the Secured Liabilities (including, but not limited to, Secured Cash Management Obligations and Secured Hedge Arrangements that are owing to any Secured Cash Management Provider or Secured Hedge Counterparty, as applicable), including, but not limited to all proceeds received by the Administrative Agent in respect of any sale of, any collection from, or other realization upon, all or any part of the Collateral and any LC Cover delivered prior to such Event of Default, shall, subject to Sections 2.5(2)(c), 2.13(5)(b) and 2.21, be applied as follows:

- (a) first, to the payment of all reasonable and documented costs and expenses of such sale, collection or other realization, including reasonable and documented compensation to the Administrative Agent and its agents and outside counsel, and all other reasonable and documented expenses, liabilities and advances made or incurred by the Administrative Agent in connection therewith, and all amounts for which the Administrative Agent is entitled to indemnification hereunder or under any other Loan Document (in its capacity as Administrative Agent and not as a Lender), and to the payment of all reasonable and documented costs and expenses paid or incurred by the Administrative Agent in connection with the exercise of any right or remedy hereunder or under any other Loan Document, all in accordance with the terms hereof or thereof;
- (b) second, to the extent of any excess of such payments or proceeds, to the rateable payment of any accrued interest, fee or commission due but unpaid under this Agreement;
- (c) third, to the extent of any excess of such payments or proceeds, to the rateable payment of the Loans, LC Cover, the Secured Hedge Obligations and the Secured Cash Management Obligations;
- (d) fourth, to the extent of any excess of such payments or proceeds, to the payment of any other amount due but unpaid under the Loan Documents; and
- (e) fifth, to the extent of any excess of such payments or proceeds, to the payment to or upon the order of the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Notwithstanding the foregoing, in no event shall payments or proceeds received by the Administrative Agent from a Guarantor or in respect of its Collateral be applied against Excluded Swap Obligations of such Guarantor.

(4) *Sharing of Set-Offs.* If any Secured Party shall obtain payment in respect of any of its Secured Liabilities (including by way of set-off or counterclaim) resulting in such Secured Party receiving payment of a greater proportion of the aggregate amount of its Secured Liabilities than the proportion received by any other Secured Party on its Secured Liabilities, then the Secured Party receiving such greater proportion shall purchase (for cash at face value) participations in the Secured Liabilities owed to other Secured Parties (as applicable) to the extent necessary so that the benefit of all such payments shall be shared by the Secured Parties rateably in accordance with the aggregate amount of their respective Secured Liabilities; provided that (a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (b) this Section 2.16(4) shall not apply to:

- (a) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement;
- (b) any payment obtained by a Lender as consideration for the assignment of, or sale of a participation in, any of its Loans (including participations in LC Disbursements and Swingline Loans);
- (c) any payment made by or on behalf of a Credit Party under or in connection with any Secured Cash Management Services made when no Event of Default has occurred and is continuing;
- (d) netting under or as between Secured Hedge Arrangements;
- (e) netting as between bank accounts maintained by a Lender and/or its Lender Affiliates;
- (f) subject to turnover pursuant Section 2.16(3), any provision of LC Cover made when no Event of Default has occurred and is continuing; or
- (g) any Permitted Hedge Payment.

The Borrower hereby consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation. For the avoidance of doubt, an LC Prepayment shall be subject to this Section 2.16(4), but other forms of LC Cover shall not unless and until monies are actually applied against Secured Liabilities.

(5) *Assumption of Payment; Reimbursement of Agent.* Unless the Administrative Agent shall have received written notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the applicable default rate for Canadian Prime Loans.

(6) *Failure of Lender to Make Payment.* If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.16(5), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Section 2.16(5) until all such unsatisfied obligations are fully paid.

(7) *No Deemed Obligation for Source of Funds.* Nothing in this Agreement shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.17 Currency Indemnity.

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Loan Document, it becomes necessary to convert into a particular currency (the “**Judgment Currency**”) any amount due under this Agreement or under any other Loan Document in any currency other than the Judgment Currency (the “**Currency Due**”), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose “rate of exchange” means the rate at which the Administrative Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office in Toronto, Ontario. In the event that there is a change in the rate of exchange prevailing between the Business Day immediately preceding the day on which the judgment is given and the date of receipt by the Administrative Agent of the amount due, the Borrower shall, on the date of receipt by the Administrative Agent, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Administrative Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Administrative Agent is the amount then due under this Agreement or such other Loan Document in the Currency Due. If the amount of the Currency Due which the Administrative Agent is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower shall indemnify and save the Administrative Agent and the Lenders harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Loan Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Administrative Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Loan Document or under any judgment or order.

2.18 Mitigation Obligations; Replacement of Lenders.

(1) *Mitigation.* If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, then upon the written request of the Borrower, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Lender Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future, and (b) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower shall pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(2) *Replacement of Lender.* If any Lender requests compensation under Section 2.13, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.15, or if any Lender is a Defaulting Lender, then the Borrower may, at its sole expense (including the processing and recording fee contemplated by Section 9.4(2)) and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.4), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (a) if such assignee is not otherwise a Lender, the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, the Issuing Bank and Swingline Lender), which consent shall not unreasonably be withheld, conditioned or delayed, (b) such Lender shall have

received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), and (c) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Each party hereto agrees that an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (b) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that any such documents shall be without recourse to or warranty by the parties thereto.

2.19 Letters of Credit.

(1) *General.* Subject to the terms and conditions set out herein, the Borrower may request the issuance of Letters of Credit as an availment of the Revolving Credit Commitment in any Approved Currency other than U.S. Dollars, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time up to the Revolving Credit Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall govern. Notwithstanding anything herein to the contrary, the Issuing Bank shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions, (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement or (iii) in any manner that would result in a violation of one or more policies of such Issuing Bank applicable to letters of credit generally.

(2) *Notice of Issuance, Amendment, Renewal, Extension, Certain Conditions.* To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (at least five Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with Section 2.19(3)), the amount in Canadian Dollars of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit, the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment,

renewal or extension, the Total Revolving Credit Exposure shall not exceed either the Total Revolving Credit Commitments or the Borrowing Base.

(3) *Expiration Date.* Each Letter of Credit shall expire at or prior to the close of business on the earlier of:

- (a) the date that is one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension); and
- (b) the date that is five Business Days prior to the Revolving Credit Maturity Date;

provided that:

- (c) a Letter of Credit for which supplementary fees have been agreed between the Issuing Bank (for its own account) and the Borrower may expire at any time (it being understood that LC Cover will be required on the maturity date); and
- (d) any Letter of Credit may contain customary automatic renewal provisions agreed upon by the beneficiary thereof and the Borrower and the Issuing Bank pursuant to which the expiration date of such Letter of Credit (an “**Auto Renewal Letter of Credit**”) shall automatically be extended for consecutive periods of up to twelve months (but, subject to the penultimate sentence of this Section 2.19(3), not to a date later than the date set forth in clause (b) above).

Unless otherwise directed by the Issuing Bank, the Borrower shall not be required to make a specific request to the Issuing Bank for any such automatic renewal. Once an Auto Renewal Letter of Credit has been issued, the Revolving Credit Lenders shall be deemed to have authorized (but may not require) the Issuing Bank to permit the renewal of such Letter of Credit at any time to an expiry date not later than the date set forth in clause (b) above.

(4) *Participations.* By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof), and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Revolving Credit Lender, and each Revolving Credit Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Revolving Credit Lender’s Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Credit Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Revolving Credit Lender’s Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in Section 2.19(5), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Credit Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.19(4) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(5) *Reimbursement.* If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m. on such

date, or, if such notice has not been received by the Borrower prior to 10:00 a.m. on such date, then not later than 12:00 noon on (a) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m. on the day of receipt, or (b) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to 10:00 a.m. on the day of receipt; provided that the Borrower may, subject to the conditions to borrowing set out herein, request in accordance with Section 2.1(2) that such payment be financed with a Canadian Prime Borrowing, or a Swingline Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Canadian Prime Borrowing, or Swingline Borrowing. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Credit Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Credit Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Credit Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Revolving Credit Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this Section 2.19(5), the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Revolving Credit Lenders have made payments pursuant to this Section 2.19(5) to reimburse the Issuing Bank, then to such Revolving Credit Lenders and the Issuing Bank as their interests may appear. Any payment made by a Revolving Credit Lender pursuant to this Section 2.19(5) to reimburse the Issuing Bank for any LC Disbursement (other than the funding of Canadian Prime Borrowings, or Swingline Borrowings as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement. The Borrower shall reimburse an Issuing Bank (which may be comprised of multiple Persons where a Lender its Lender Affiliate are involved) for such foreign exchange costs (including as a result of currency fluctuations) arising in connection with the making of any LC Disbursement in the applicable currency of such LC Disbursement.

(6) *Obligations Absolute.* The Borrower's obligation to reimburse LC Disbursements as provided in Section 2.19(5) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (a) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (b) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (c) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of Section 2.19, constitute a legal or equitable discharge of, or provide a right of set-off against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Revolving Credit Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to indirect, special, punitive or consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable Law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of the Issuing Bank (as finally determined by a court of

competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the Borrower and the Lenders agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(7) *Disbursement Procedures.* The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed in writing) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Credit Lenders with respect to any such LC Disbursement.

(8) *Interim Interest.* If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate then applicable to Canadian Prime Loans (if in Canadian Dollars). Interest accrued pursuant to this Section 2.19(8) shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Credit Lender pursuant to Section 2.19(5) to reimburse the Issuing Bank shall be for the account of such Revolving Credit Lender to the extent of such payment. Subject to the appointment and acceptance of a successor Issuing Bank, the Issuing Bank may resign as Issuing Bank at any time upon thirty days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such Issuing Bank shall be replaced in accordance with Section 2.19(9) below.

(9) *Replacement of the Issuing Bank.* The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Credit Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank. From and after the effective date of any such replacement, (a) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter, and (b) references herein to the term "**Issuing Bank**" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(10) *Cash Collateralization.* If LC Cover is provided hereunder by way of cash collateralization, the Borrower shall lodge in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Credit Lenders, a cash deposit equal to the applicable LC Cover Amount. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense,

such deposits shall not bear interest. Such Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of contingent Reimbursement Obligations or, if the maturity of the Loans has been accelerated, be applied to satisfy other obligations of the Borrower under this Agreement.

(11) *LC Prepayment.* Upon the making of any LC Prepayment with respect to a Letter of Credit,:

- (a) the Borrower will no longer have an interest in the monies paid, which will not constitute cash collateral or be required to be segregated by the Issuing Bank (whether via a separate bank account or a notional book entry);
- (b) the Issuing Bank will no longer be a contingent creditor of the Borrower with respect to such Letter of Credit; and
- (c) the Borrower will be a contingent creditor of the Issuing Bank with respect to such Letter of Credit.

(12) *LC Return Amount.* Where the Borrower has made an LC Prepayment or delivered cash collateral hereunder with respect to a Letter of Credit, the Issuing Bank shall, within 5 Business Days from the earlier of the date on which:

- (a) such Letter of Credit is fully drawn;
- (b) the original of such Letter of Credit is returned to the Issuing Bank for cancellation;
- (c) the Issuing Bank is conditionally released by the beneficiary of such Letter of Credit from any further obligations in respect thereof;
- (d) such Letter of Credit expires in accordance with its terms; or
- (e) any final and non-appealable order, judgment or other such determination has been rendered or issued by a court of competent jurisdiction permanently enjoining the Lender from paying under such Letter of Credit;

pay or return, as applicable, to the Borrower an amount equal to the LC Return Amount with respect to such Letter of Credit; provided that, if an Event of Default has occurred and is continuing at such time, then such payment shall be made to the Administrative Agent for application pursuant to Section 2.16(3).

(13) *Letters of Credit Issued for Account of Subsidiaries.* Notwithstanding that a Letter of Credit issued or outstanding hereunder supports any obligations of, or is for the account of, a Subsidiary, or states that a Subsidiary is the “account party,” “applicant,” “customer,” “instructing party,” or the like of or for such Letter of Credit, and without derogating from any rights of the applicable Issuing Bank (whether arising by contract, at law, in equity or otherwise) against such Subsidiary in respect of such Letter of Credit, the Borrower (i) shall reimburse, indemnify and compensate the applicable Issuing Bank hereunder in respect of such Letter of Credit (including to reimburse any and all drawings thereunder) as if such Letter of Credit had been issued solely for the account of the Borrower and (ii) irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance

of such Letters of Credit for its Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries. For the avoidance of doubt, all the terms and conditions of this Section 2.19 shall apply to any such Letter of Credit as if it had been issued by the Issuing Bank for the account of the Borrower.

2.20 Swingline Loans.

(1) *General.* Subject to the terms and conditions set out herein and as part of its Revolving Credit Commitment, the Swingline Lender may, but shall have no obligation to make Loans (each such Loan made under this Section 2.20, a "**Swingline Loan**") to the Borrower from time to time during the period commencing on the Closing Date and ending on the Revolving Credit Maturity Date (such commitment being the "**Swingline Commitment**"), in an aggregate principal amount at any time outstanding up to \$1,000,000; provided that the Swingline Lender shall not be required to extend further credit hereunder if such extension would result in (a) the Swingline Exposure at such time exceeding the amount of the Swingline Commitment, (b) Total Revolving Credit Exposure exceeding either the Total Revolving Credit Commitments or the Borrowing Base, or (c) a Swingline Loan refinancing an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set out herein, the Borrower may borrow, prepay and reborrow Swingline Loans. Swingline Loans shall be available only by way of Canadian Prime Loans.

(2) *Interest.* Subject to the terms and conditions set out herein, the Borrower shall be entitled to obtain Swingline Loans by way of overdraft on the Swingline Account, and at any given time the outstanding principal amount of all Swingline Loans shall be equal to the aggregate amount by which the Swingline Accounts are overdrawn. Swingline Loans shall bear interest at a rate per annum equal to the rate applicable to a Canadian Prime Loan. Interest shall be payable on such dates, not more frequent than monthly, as may be specified by the Swingline Lender and in any event on the Revolving Credit Maturity Date. The Swingline Lender shall be responsible for invoicing the Borrower for such interest. The interest payable on Swingline Loans is solely for the account of the Swingline Lender.

(3) *[Reserved.]*

(4) *Swingline Lender Replacement.* The Swingline Lender may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Swingline Lender and the successor Swingline Lender. The Administrative Agent shall notify the Lenders of any such replacement of the Swingline Lender. At the time any such replacement shall become effective, the Borrower shall pay all unpaid interest accrued for the account of the replaced Swingline Lender. From and after the effective date of any such replacement, (i) the successor Swingline Lender shall have all the rights and obligations of the replaced Swingline Lender under this Agreement with respect to Swingline Loans made thereafter, and (ii) references herein to the term "Swingline Lender" shall be deemed to refer to such successor or to any previous Swingline Lender, or to such successor and all previous Swingline Lenders, as the context shall require. After the replacement of a Swingline Lender hereunder, the replaced Swingline Lender shall remain a party hereto and shall continue to have all the rights and obligations of a Swingline Lender under this Agreement with respect to Swingline Loans made by it prior to its replacement, but shall not be required to make additional Swingline Loans.

(5) *Swingline Lender Resignation.* Subject to the appointment and acceptance of a successor Swingline Lender, the Swingline Lender may resign as a Swingline Lender at any time upon thirty (30) days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such Swingline Lender shall be replaced in accordance with Section 2.20(4) above.

2.21 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender is a Defaulting Lender, then the following provisions shall apply to such Lender for so long as it remains a Defaulting Lender:

- (a) fees shall cease to accrue pursuant to Section 2.10(1) on the unfunded portion of the Revolving Credit Commitment of such Defaulting Lender;
- (b) the Revolving Credit Commitments (including Revolving Credit Exposure) and Term Credit Commitments (including Term Credit Exposure) of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 9.2); provided that any waiver or amendment which (i) affects such Defaulting Lender differently than other Lenders generally, shall in each case require the consent of such Defaulting Lender;
- (c) any amount owing by a Defaulting Lender to the Administrative Agent or another Lender that is not paid when due shall bear interest at the interest rate applicable to Canadian Prime Loans under the Revolving Credit, as applicable;
- (d) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 7.1 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.11 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder; *third*, to cash collateralize the Issuing Banks' LC Exposure with respect to such Defaulting Lender in accordance with this Section; *fourth*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize the Issuing Banks' future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with this Section; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Banks against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were

issued at a time when the conditions set forth in Section 4.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure are held by the Lenders pro rata in accordance with the Commitments without giving effect to clause (d). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

- (e) if a Defaulting Lender is an Insolvent Lender, any amount payable to such Defaulting Lender hereunder may, in lieu of being distributed pursuant to Section 2.21(d), be retained by the Administrative Agent to collateralize indemnification and reimbursement obligations of such Defaulting Lender hereunder in an amount determined by the Administrative Agent, acting reasonably;
- (f) If any Letters of Credit are outstanding at the time a Lender becomes a Defaulting Lender, then:
 - (i) all or any part of the pro rata share of such Defaulting Lender in respect of the outstanding Letters of Credit shall be reallocated among the Revolving Lenders which are not Defaulting Lenders (in this Section 2.21, "**Non-Defaulting Lenders**") in accordance with their respective Revolving Credit Commitments, provided that any such reallocation shall not cause any Non-Defaulting Lender to exceed its Revolving Credit Commitment;
 - (ii) if the reallocation described in clause (a) above cannot, or can only partially, be effected, the Borrower shall within five (5) Business Days following notice by the Administrative Agent (x) first, prepay such outstanding Swingline Loans, and (y) second, cash collateralize for the benefit of the Issuing Bank the Borrower's obligations corresponding to such Defaulting Lender's pro rata share of the outstanding Letters of Credit (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.21(g), for so long as such Letters of Credit are outstanding;
 - (iii) upon any reallocation pursuant to clause (a) above, the fees payable to the Lenders pursuant to Section 2.10(2) shall be adjusted in accordance with such Non-Defaulting Lenders' Revolving Credit Commitment; and
 - (iv) if all or any portion of such Defaulting Lender's pro rata share of the outstanding Letters of Credit is cash collateralized pursuant to clause (b) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all fees payable under Section 2.10(2) with respect to such Defaulting Lender's pro rata share of the outstanding Letters of Credit shall be payable to the Issuing Bank.
- (g) So long as any Lender is a Defaulting Lender, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure

and the Defaulting Lender's then outstanding pro rata share of the outstanding Letters of Credit will be 100% covered by the Revolving Credit Commitments of the Non-Defaulting Lenders and/or cash collateral will be provided by the Borrower, and participating interests in any such newly issued or increased Letter of Credit shall be allocated among Non-Defaulting Lenders in a manner consistent with Section 2.21(f) (and such Defaulting Lender shall not participate therein); and

- (h) If the Administrative Agent, the Borrower, the Issuing Bank each agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Revolving Credit Lenders shall be readjusted to reflect the inclusion of such Revolving Credit Lender's Commitment and on such date such Revolving Credit Lender shall purchase at par such of the Loans of the other Revolving Credit Lenders as the Administrative Agent shall determine may be necessary in order for such Revolving Credit Lender to hold such Revolving Credit Loans in accordance with its Revolving Credit Commitment, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while such Lender was a Defaulting Lender; provided further that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender having been a Defaulting Lender.

Except as otherwise expressly provided in this Section 2.21, no Commitment of any other Lender shall be increased or otherwise affected, and performance by a Borrower of its obligations hereunder and under the other Loan Documents shall not be excused or otherwise modified as a result of any Lender becoming a Defaulting Lender. The rights and remedies against a Defaulting Lender under this Section 2.21 are in addition to other rights and remedies which a Borrower may have against such Defaulting Lender as a result of it becoming a Defaulting Lender and which the Administrative Agent or any other Lender may have against such Defaulting Lender with respect thereto.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Borrower.

In order to induce the Administrative Agent and the Lenders to enter into this Agreement, to make any Loans hereunder and to issue any Letters of Credit hereunder, the Borrower represents and warrants to the Administrative Agent and each Lender that each statement set forth in this Article 3 is true and correct on the date hereof. For the avoidance of doubt, such representations are repeated as at the date of each Borrowing and Compliance Certificate (other than a Borrowing by way of a conversion of an existing Loan to a Canadian Prime Loan), subject to update as provided in Section 5.1(1)(m).

(1) *Organization; Powers.* Each Credit Party and Village is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(2) *Authorization; Enforceability.* The Transactions are within the Credit Parties' and Village's corporate or partnership powers and have been duly authorized by all necessary corporate, partner and shareholder action, as applicable. This Agreement and the other Loan Documents have been duly executed and delivered by Village and each Credit Party (as applicable) and constitute legal, valid and binding obligations of Village and each Credit Party (as applicable), enforceable in accordance with their terms, subject to applicable Legal Reservations. Specifically but without limitation, Section 2.5(5)(a) satisfies the requirements of Section 4 of the *Interest Act* (Canada) to the extent it applies to the expression or statement of any interest payable under any Loan Document, and each Credit Party is able to calculate the yearly rate or percentage of interest payable under any Loan Document based upon the methodology set out in such Section.

(3) *Governmental Approvals; No Conflicts.* The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except as disclosed in Schedule 3.1(3), (b) will not violate any applicable Law or the charter, by-laws or other organizational documents of any Credit Party or Village or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Credit Party or Village or their respective assets, or give rise to a right thereunder to require any payment to be made by any Credit Party or Village, and (d) will not result in the creation or imposition of, or the requirement to create, any Lien on any asset of any Credit Party or Village, except for any Lien arising in favour of the Administrative Agent, for the benefit of the Secured Parties, under the Loan Documents.

(4) *Financial Condition; No Material Adverse Effect.*

(a) The Borrower has furnished to the Lenders the consolidated balance sheets and statements of income, retained earnings and changes in financial position of the Borrower as of and for the Fiscal Years ended December 31st 2022, 2023 and 2024, reported on by its auditors. Such financial statements, and any subsequent financial statements delivered pursuant to Section 5.1(1), present fairly, in all material respects, the consolidated financial position and results of operations and cash flows of the Borrower as of the applicable dates and for the applicable periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in Section 5.1(1)(b). Other than as disclosed in the most recent audited financial statements of the Borrower delivered to the Administrative Agent, there are no off-balance sheet transactions arrangements, obligations (including contingent obligations) or other relationships of the Borrower or any other Credit Party with unconsolidated entities or other Persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Borrower or any other Credit Party.

(b) Since December 31, 2024 no Material Adverse Change has occurred.

(c) All information (including that disclosed in all financial statements) pertaining to the Credit Parties (other than projections) that has been or will be made available to the Lenders, the Administrative Agent or the Arranger by the Borrower or any representative of the Credit Parties, taken as a whole, is or will be, when furnished, complete and correct in all material respects and does not or will not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made. The projections, forecasts, and budgets provided by or on behalf of

the Borrower to the Administrative Agent have been prepared in good faith and are based on reasonable assumptions, and there are no statements or conclusions in such projections, forecasts, or budgets which are based upon or include information known to the Borrower to be misleading in any material respect or which fail to take into account material information known to the Borrower regarding the matters reported therein. The Borrower believes that the forecasts and budgets provided by or on behalf of the Borrower to the Administrative Agent are reasonable and attainable, it being recognized that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by such forecasts and budgets may differ from the projected results included in such forecasts and budgets and such differences may be material.

(5) *Litigation.*

(a) Except as disclosed in Schedule 3.1(5), and except for environmental-related matters (which are dealt with in Section 3.1(24)), there are no actions, suits or proceedings (including any Tax-related matter) by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting any of the Credit Parties (i) as to which there is a reasonable likelihood of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than as described in Schedule 3.1(25)), or (ii) that involve this Agreement, any other Loan Document or the Transactions.

(b) Since the date of this Agreement, there has been no change in the status of the matters described in Schedule 3.1(25) that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

(6) *Compliance with Laws (General).* Each Credit Party is in compliance with all Laws (other than Cannabis Laws) applicable to it or its property or business except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(7) *Compliance with Cannabis Laws.* Each Group Party is in material compliance with all Cannabis Laws applicable to it, its property or its business. Specifically, but without limitation, (i) no Group Party conducts or at any time has conducted any Cannabis Activities, or (ii) has made or held an Investment in any Person who conducts or at any time has conducted any Cannabis Activities, in either case other than in an Approved Cannabis Jurisdiction where such Cannabis Activities would not violate or result in a breach of any applicable Cannabis Law at the time in question, provided that any one or more Persons who are part of the Group Party may engage in business in the United States only for the purpose of business involving Industrial Hemp and in compliance with the *Agriculture Improvement Act of 2018*. Schedule 3.1(7) sets out all Investments in Persons conduction Cannabis Activities.

(8) *Authorizations (General).* No Credit Party has violated or failed to obtain any Authorization (other than any Cannabis Authorization) necessary to the ownership of any of its property or assets or the conduct of its business, which violation or failure could reasonably be expected to have (in the event that such a violation or failure were asserted by any Person through appropriate action) a Material Adverse Effect.

(9) *Cannabis Authorizations.* No Group Party has violated or failed to obtain any Cannabis Authorization necessary to (i) the ownership of any of its property or assets or the conduct of its business,

or (ii) to make or hold any Investment in any Person who conducts Cannabis Activities. All Cannabis Authorizations:

- (a) have been duly obtained, taken, given or made;
- (b) are valid and in full force and effect, and
- (c) are free from conditions or requirements that have not been met or complied with where the failure to so satisfy may allow for the material modification or revocation thereof.

Each Group Party is in compliance in all material respects with all Cannabis Authorizations held by, or in favour of, such Group Party. Specifically, but without limitation, no Group Party conducts or has conducted any Cannabis Activities in a building or facility for which an applicable Cannabis Authorization was not in full force and effect at the time in question. No Group Party has received any notice from any Governmental Authority regarding any actual or alleged violation of, or any failure on the part of the Group Party to comply with, any term or requirement of any Cannabis Authorization that has not been remedied. No Group Party has received any written notice from any Governmental Authority of any revocation or intention to revoke any interest of any Group Party in any of the Cannabis Authorizations that has not been remedied. No Group Party knows of any reason why any Cannabis Authorization should be suspended, cancelled or revoked or of any factor that would in any way prejudice the continuance or renewal of any Cannabis Authorization. All Taxes, assessments, maintenance fees and other amounts required to maintain the Cannabis Authorizations have been paid in full.

(10) *Compliance with Agreements.* No Credit Party is in default, nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default (in any respect that would have a Material Adverse Effect), under (a) any loan or credit agreement, indenture, mortgage, deed of trust, security agreement or other instrument or agreement evidencing or pertaining to any Indebtedness of any Credit Party, or (b) under any other agreement or instrument to which a Credit Party is a party or by which any Credit Party is bound.

(11) *No Default.* No Default has occurred and is continuing.

(12) *Taxes.* Each Credit Party has filed or caused to be filed when due all material Tax returns and reports required to have been filed and has paid or caused to be paid when due all material Taxes required to have been paid by it (including all instalments with respect to the current period) and has made adequate provision for Taxes for the current period, except Taxes that are being contested in good faith by appropriate proceedings and for which such Credit Party, as applicable, has set aside on its books adequate reserves.

(13) *Clean Title; Liens.* The Credit Parties have indefeasible fee simple registered and beneficial title to their respective owned real properties, and with respect to leased real properties, indefeasible title to the leasehold estate with respect thereto, pursuant to valid and enforceable leases, in each case free and clear of all Liens except Permitted Liens. All personal property in which any Credit Party has any right, title or interest is free and clear of all Liens except Permitted Liens.

(14) *D2 Property.* The Borrower is in compliance with each and every term of the D2 Lease (including, without limitation, with respect to the payment of rent) and:

- (a) is the registered and beneficial owner of the D2 Property;

- (b) has good leasehold title to the D2 Property; and
- (c) has good right, full power and absolute authority (and has obtained all consents required) to mortgage the D2 Property and convey the D2 Lease to the Agent,

in each case, free and clear of any and all Liens except for Permitted Liens.

(15) *D3 Property.* The Borrower is the registered and beneficial owner of the D3 Property, free and clear of any and all Liens except for Permitted Liens.

(16) *Leased Properties* – No Credit Party has a leasehold interest in any real property other than the D2 Property.

(17) *Pension Plans.*

- (a) Each Pension Plan is duly registered under the ITA and applicable pension standards legislation and has been administered in all material respects in accordance with applicable Law and the terms of such plan. All material obligations of each Credit Party (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Pension Plans and the funding agreements thereunder have been performed on a timely basis. There are no outstanding disputes concerning the assets of any Pension Plan and there have been no improper withdrawals of any assets of the Pension Plans. All assessments owed to the Pension Benefits Guarantee Fund established under the *Pension Benefits Act* (Ontario), or other assessments or payments required under similar legislation in any other jurisdiction have been paid when due in respect of each Pension Plan.
- (b) In respect of each Pension Plan that is a Defined Benefit Plan, (i) the plan's name, registration number and jurisdiction of registration are disclosed on Schedule 3.1(17), (ii) a copy of the most recently prepared actuarial valuation report for the plan has been provided by the Borrower to the Administrative Agent and the Lenders, (iii) no changes have occurred since the date of the most recently prepared actuarial valuation report for the plan or are reasonably expected to occur which would adversely affect the conclusion set out in the most recently prepared actuarial valuation report, and (iv) no events have occurred which could reasonably be expected to result in a wind-up or termination of the plan, in whole or in part.
- (c) All employee and employer contributions (including special payments and any other payments in respect of any funding deficiencies or shortfalls) or premiums required to have been remitted to the Pension Plans under the terms of the applicable plan and applicable Law have been properly withheld and remitted to the funding arrangement for the plan in a timely manner.
- (d) No Credit Party or any of the Pension Plans are subject to the *United States Employee Retirement Income Security Act of 1974*, as amended.

(18) *Casualties; Taking of Properties.* Since December 31, 2024 neither the Business nor the properties of any Credit Party have been affected in a manner that has had, or could reasonably be expected to have, a Material Adverse Effect as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike or other labour disturbance, embargo, requisition or taking of property or cancellation of

contracts, permits or concessions by any domestic or foreign Governmental Authority, riot, activities of armed forces, or acts of God or of any public enemy. Except as set out on Schedule 3.1(18), there is no expropriation or similar proceeding, actual or threatened, of which any Credit Party has notice, or reason to believe such notice is pending or threatened, against any owned or leased lands of any Credit Party, or any material part thereof.

- (19) *Subsidiaries.* As of the Closing Date, Schedule 3.1(19) correctly sets forth:
- (a) the legal name of each Credit Party and its form of legal entity and jurisdiction of organization;
 - (b) the Equity Securities issued and outstanding by each Credit Party, and the registered and beneficial owners thereof;
 - (c) the Equity Securities (other than publicly-traded Equity Securities) owned by each Credit Party; and
 - (d) a corporate organizational chart of the Borrower and its subsidiaries.

No Credit Party owns any Equity Securities or debt securities which are convertible into, or exchangeable for, Equity Securities of any other Person. There are no outstanding options, warrants or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Equity Securities of any Credit Party. All such Equity Securities are duly authorized, validly issued, fully paid and non-assessable, and were issued in compliance with all applicable federal, provincial or foreign securities and other Laws, and are free and clear of all Liens, except for Permitted Liens. The Credit Parties have no minority interests in any partnerships, Joint Ventures or other Persons other than Marketable Securities that are Permitted Investments.

(20) *Insurance.* The Credit Parties maintain insurance policies and coverage in compliance with Section 5.1(10). Such insurance coverage (a) is sufficient for compliance with all requirements of applicable Law and of all agreements to which any Credit Party is a party, (b) is provided under valid, outstanding and enforceable policies, (c) provides adequate insurance coverage in at least such amounts and against at least such risks (but including in any event public liability) as are usually insured against in the same general area by Persons engaged in the same or a similar business to the assets and operations of the Credit Parties, and (d) will not in any way be affected by, or terminate or lapse by reason of, the Transactions. All such material policies are in full force and effect, all premiums with respect thereto have been paid in accordance with their respective terms, and no notice of cancellation or termination has been received with respect to any such policy. Each Credit Party has no reason to believe that it will not be able to renew the insurance policies currently in force or to obtain similar coverage from financially sound, reputable independent insurance companies, at a cost that is not significantly higher. Except as set out on Schedule 5.1(9), no Credit Party has a material claim pending against any insurer or pursuant to any insurance policy, and no knowledge of any fact, event or circumstance that could give rise to any such claim. No Credit Party maintains any formalized self-insurance program with respect to its assets or operations or material risks with respect thereto in excess of \$1,000,000 in the aggregate. The certificate of insurance delivered to the Administrative Agent pursuant to Section 4.1(7) contains an accurate and complete description of all material policies of insurance owned or held by each Credit Party on the Closing Date.

- (21) *Subsidiaries.* Each Subsidiary is a Credit Party.

(22) *Solvency.* No Credit Party or Village is an “insolvent person” within the meaning of the BIA.

(23) *Material Contracts.* Schedule 3.1(23) sets out all Material Contracts. A true and complete copy of each Material Contract has been delivered to the Administrative Agent. Each of the Material Contracts is in full force and effect. No Credit Party is in default under or in breach of any term or condition of any Material Contract that would have, either individually or in the aggregate, a Material Adverse Effect, nor is any Credit Party aware of any default under or breach of any term or condition of any Material Contract by any other party thereto that would have a Material Adverse Effect.

(24) *Environmental Matters.* Except as disclosed to the Lenders in Schedule 3.1(24):

- (a) *Environmental Laws, Etc.* Neither any property of the Credit Parties nor the operations conducted thereon violate any applicable order of any court or Governmental Authority or any Environmental Laws, which violation could reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.
- (b) *Notices, Permits, Etc.* All notices, permits, licenses or similar authorizations, if any, required to be obtained or filed by the Credit Parties in connection with the operation or use of any and all property of the Credit Parties, including but not limited to past or present treatment, transportation, storage, disposal or Release of Hazardous Materials into the environment, have been duly obtained or filed, except to the extent the failure to obtain or file such notices, permits, licenses or similar authorizations could not reasonably be expected to have a Material Adverse Effect, or which could not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.
- (c) *Hazardous Substances Carriers.* All Hazardous Materials generated at any and all property of the Credit Parties have been treated, transported, stored and disposed of only in accordance with all Environmental Laws applicable to them, except to the extent the failure to have such Hazardous Materials so transported, treated or disposed of could not reasonably be expected to have a Material Adverse Effect, and only at treatment, storage and disposal facilities maintaining valid permits under applicable Environmental Laws, which carriers and facilities have been and are operating in compliance with such permits, except to the extent the failure to have such Hazardous Materials treated, transported, stored or disposed of at such facilities, or the failure of such carriers or facilities to so operate, could not reasonably be expected to have a Material Adverse Effect or which could not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.
- (d) *Hazardous Materials Disposal.* The Credit Parties have taken all reasonable steps necessary to determine and have determined that no Hazardous Materials have been disposed of or Released (and there has been no threatened Release) of any Hazardous Materials on or to any property of the Credit Parties other than in compliance with Environmental Laws, except to the extent the disposition or Release of such Hazardous Materials could not reasonably be expected to have a Material Adverse Effect or which

could not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant property.

- (e) *No Contingent Liability.* The Credit Parties have no material contingent liability in connection with any Release or threatened Release of any Hazardous Materials into the environment except (i) contingent liabilities which could not reasonably be expected to exceed \$500,000 in excess of applicable insurance coverage at any one time and from time to time, and for which adequate reserves for the payment thereof as required by GAAP have been provided, and (ii) contingent liabilities which could not reasonably be expected to result in remedial obligations having a Material Adverse Effect, assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to such Release or threatened Release.

(25) *Employee Matters.*

- (a) Except as set out in Schedule 3.1(25), none of the Credit Parties, nor any of their respective employees, is subject to any collective bargaining agreement. There are no strikes, slowdowns, work stoppages or controversies pending or, to the best knowledge of the Borrower, threatened against the Credit Parties, or their respective employees, which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Except as set out in Schedule 3.1(25), none of the Credit Parties is subject to an employment contract providing for a fixed term of employment or providing for special payments on termination of employment, the termination or the payment, as applicable, of which could reasonably be expected to have a Material adverse Effect.
- (b) Each of the Credit Parties has withheld from each payment to each of their respective officers, directors and employees the amount of all Taxes, including income tax, Canada or Quebec Pension Plan contributions, as applicable, employment insurance premiums and other payments and deductions required to be withheld therefrom, and has paid the same to the proper taxation or other receiving authority in accordance with applicable Law. No Credit Party is subject to any claim by or liability to any of their respective officers, directors or employees for salary (including vacation pay) or benefits which would rank in whole or in part *pari passu* with or prior to the Liens created by the Security Documents.

(26) *Fiscal Year.* The Fiscal Year ends on December 31 of each calendar year, and the Fiscal Quarters end on the last day of each of March, June, September and December of each calendar year.

(27) *Intellectual Property Rights.* Each Credit Party is the registered and beneficial owner of, with good and marketable title, free of all licenses other than Commercial Off-The-Shelf Software licenses, franchises and Liens other than Permitted Liens, to all Intellectual Property used in or necessary for the present and planned future conduct of its business, without any conflict with the rights of any other Person, other than for such conflicts as could not reasonably be expected to have a Material Adverse Effect. No material claim has been asserted and is pending by any Person with respect to the use by any Credit Party of any Intellectual Property or challenging or questioning the validity, enforceability or effectiveness of any Intellectual Property necessary for the conduct of the business of any Credit Party. Except as could not reasonably be expected to have a Material Adverse Effect, (a) each Credit Party has the exclusive right to use the Intellectual Property which such Credit Party owns, (b) all applications and registrations for such Intellectual Property are in good standing, current and valid, (c) all registrations for such Intellectual

Property are enforceable, and (d) the conduct of each Credit Party's business does not infringe or misappropriate the Intellectual Property of any other Person.

(28) *"Know Your Customer" Information.* All materials and information provided to each of the Lenders in connection with applicable "know your customer" and AML Legislation are true and correct

(29) *Anti-Corruption Laws and Sanctions.* Each Group Party has implemented and maintains in effect policies and procedures designed to ensure compliance by such Group Party and its directors, officers, employees and Relevant Agents with Anti-Corruption Laws and Sanctions. Each Group Party and its directors, officers, employees and Relevant Agents is in compliance with Anti-Corruption Laws and Sanctions. No Group Party or any of its directors, officers or employees or Relevant Agents is a Sanctioned Person or is engaged in any activity that would reasonably be expected to result in such Group Party being designated as a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or Sanctions.

(30) *Security.* The Security Documents are effective to create in favour of the Administrative Agent for its own benefit and the benefit of the other Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Collateral, and (i) when financing statements and filings in applicable land registry offices or other public offices in appropriate form are filed in the jurisdictions specified on Schedule 3.1(30) and (ii) upon the taking of possession or control by the Administrative Agent of the Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Administrative Agent to the extent possession or control by the Administrative Agent is required by the Security Documents), the Liens created by the Security Documents shall constitute valid perfected first ranking Liens, subject only to Permitted Liens, on all right, title and interest of the grantors thereunder

(31) *Hedge Arrangements.* No Credit Party is a party to any Hedge Arrangement other than as not prohibited by Section 6.1(8).

ARTICLE 4 CONDITIONS

4.1 Effective Date.

The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective unless each of the conditions listed below is satisfied (or waived pursuant to Section 9.2).

(1) *Credit Agreement.* The Administrative Agent, each Lender, and the Issuing Bank shall have received from each party hereto either (a) a counterpart of this Agreement, duly executed on behalf of each party hereto, or (b) written evidence satisfactory to the Administrative Agent (which may include a facsimile or other electronic-transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(2) *Initial Security Documents.* The Administrative Agent shall have received the Initial Security Documents.

(3) *Perfection of Liens.* The Initial Security Documents shall have been registered (or arrangements for registration satisfactory to the Administrative Agent shall have been made) in all offices in which, in the opinion of the Administrative Agent or its counsel, registration is necessary or of advantage

to perfect or render opposable to third parties the Liens intended to be created thereby, and the Initial Security Documents and the Liens created thereby shall constitute a first ranking charge over the property to which they attach, subject to no other Liens except Permitted Liens. The Administrative Agent shall have received and be satisfied with the results of all personal property, pending litigation, judgment, bankruptcy, execution and other searches conducted by the Administrative Agent and its counsel with respect to the Credit Parties in all jurisdictions selected by the Administrative Agent and its counsel.

(4) *Legal Opinions.* The Administrative Agent shall have received a favourable written opinion of Farris LLP, British Columbia and Ontario counsel to the Borrower covering such matters relating to the Credit Parties and Village, this Agreement, the other Loan Documents as the Lenders shall reasonably request (together with copies of all factual certificates and legal opinions delivered to such counsel in connection with such opinion upon which counsel has relied). The Administrative Agent shall also have received favourable written opinions of such special and local counsel to the Borrower covering such Canadian legal matters relating to the Credit Parties, the Loan Documents or the Transactions as the Lenders shall reasonably request (together with copies of all factual certificates and legal opinions delivered to such counsel in connection with such opinion upon which such counsel has relied). If a Security Document creates a Lien over the interest of a Credit Party in any freehold real property, the legal opinions to be delivered to the Administrative Agent shall include opinions as to the title of the applicable Credit Parties to such freehold real property and the priority of such Lien (or, in the alternative, the Borrower may deliver to the Administrative Agent a title insurance policy in form and substance satisfactory to the Administrative Agent as to such freehold real property). The Borrower hereby requests each such counsel to deliver such opinions and supporting materials. All opinions and certificates referred to in this Section 4.1(4) shall be addressed to the Administrative Agent and the other Secured Parties and dated the Closing Date.

(5) *Corporate Certificates.* The Administrative Agent shall have received:

- (a) certified copies of the resolutions of the board of directors, general partner, or shareholders, as applicable, of each Credit Party approving, as appropriate, the Loans, this Agreement and the other Loan Documents, and all other documents, if any, to which such Credit Party is a party and evidencing authorization with respect to such documents; and
- (b) a certificate of an officer of each Credit Party, dated as of the Closing Date, and certifying (i) the name, title and true signature of each officer of such Person authorized to execute this Agreement and the other Loan Documents to which it is a party, (ii) the name, title and true signature of each officer of such Person authorized to provide the certifications required pursuant to this Agreement, including certifications required pursuant to Section 5.1(1) and Borrowing Requests, and (iii) that attached thereto is a true and complete copy of the constating documents of each such Person, as amended to date, and a recent certificate of status, certificate of compliance, good standing certificate or analogous certificate.

(6) *Fees.* The Administrative Agent, the Lenders, and the Arranger shall have received all fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all legal fees and other out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document on the Closing Date.

(7) *Insurance.* The Administrative Agent shall have received a certificate of insurance coverage, dated not more than 30 days prior to the Closing Date, evidencing that the Credit Parties are carrying insurance in accordance with Section 5.1(10) hereof.

(8) *No Litigation.* No litigation, order, judgment, injunction or other action or proceeding shall be threatened or pending by any Person or Governmental Authority to enjoin, restrict, or prohibit the completion of the transactions contemplated hereby and by the other Loan Documents (including the delivery of the Security Documents and the granting of the Liens in favour of the Administrative Agent contemplated hereunder) or which may impose any material condition on the completion thereof, or which could reasonably be expected to have a Material Adverse Effect, and the Administrative Agent shall have received an Officer's Certificate confirming same.

(9) *Regulatory Approval; Consents; Waivers.* The Administrative Agent and the Lenders shall be satisfied that:

- (a) all material Authorizations (including all approvals listed in Schedule 3.1(3));
- (b) all corporate, partnership, shareholder and court approvals; and
- (c) all consents and waivers (the failure to obtain which would result in a breach or default under any Material Contract),

required to consummate the Transactions have been obtained and are in full force and effect, in each case without the imposition of any burdensome provision, and that all applicable waiting periods shall have expired without any action being taken or threatened by any Governmental Authority that would materially restrain, prevent or otherwise impose material adverse conditions on the Transactions.

(10) *Delivery of Financial Statements.* The Administrative Agent and the Lenders shall have received:

- (a) the audited Consolidated balance sheet, statement of income and retained earning and statement of changes in financial position of the Borrower for the Fiscal Year ended December 31, 2024;
- (b) a three-year financial forecast for the Borrower (including forecast Consolidated statements of financial position, income and cash flows) setting forth in reasonable detail the projected Consolidated revenues and expenses of the Borrower for such period together with the anticipated financial covenant levels; and
- (c) internally prepared balance sheet, statement of income and retained earning and statement of changes in financial position of Rose Lifescience for the Fiscal Years ended December 31st 2022, 2023 and 2024.

(11) *Borrowing Base Report.* The Administrative Agent shall have received a *pro forma* Borrowing Base Report.

(12) *Compliance Certificate.* The Administrative Agent shall have received a Compliance Certificate prepared on a *pro forma* basis after giving effect to the Loans to be made on the Closing Date.

(13) *No Material Adverse Change.* The Administrative Agent and the Lenders shall be satisfied that, since December 31, 2024 there has not been a Material Adverse Change.

(14) *Indebtedness.* The Transactions contemplated in this Agreement and the other Loan Documents shall not have caused any event or condition to occur which has resulted, or which will result,

in any Material Indebtedness (other than Indebtedness being repaid in connection with the Transactions) becoming due prior to its scheduled maturity or that permits (with or without the giving of notice, the lapse of time, or both) the holder or holders of any such Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, or which will result in the creation of any Liens under any Indebtedness.

(15) *Material Contracts and Health Canada.* The Administrative Agent shall have received certified copies of, and be satisfied with the terms and conditions of, each of the Material Contracts and the Health Canada License.

(16) *"Know Your Customer" Information.* The Administrative Agent and the Lenders shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including AML Legislation.

(17) *Cancellation of Existing Credit Facilities.* The Credit Parties shall have repaid (or made satisfactory arrangements for the repayment of) all Indebtedness outstanding under their credit facilities (including any commercial paper back-up lines), and such credit facilities (including such commercial paper back-up lines) shall have been cancelled permanently such that no Credit Party shall have any Indebtedness (or commitment therefor) that will survive the Closing Date except Permitted Indebtedness.

(18) *Execution and Delivery of Documents.* Each Credit Party shall have duly authorized, executed and delivered all documents required hereunder, all in form and substance satisfactory to the Administrative Agent. Such documents may be delivered to the Administrative Agent (or its counsel) by way of facsimile or other means of electronic transmission, provided that such number of original copies as may be reasonably requested shall be delivered by or on behalf of the Borrower to the Administrative Agent (or its counsel) within 7 days of the Closing Date.

(19) *Appraisals.* The Administrative Agent shall have received a copy of the most recent appraisal for each greenhouse owned or leased by the Borrower showing an aggregate value of not less than \$56,000,000, subject to approval by the Administrative Agent.

(20) *Other Documentation.* The Administrative Agent and the Lenders shall have received such other documents and instruments as are customary for transactions of this type or as they may reasonably request.

4.2 Each Credit Event.

The obligation of each Lender to make a Loan on the occasion of any Borrowing (other than a Borrowing by way of a conversion of an existing Loan to a Canadian Prime Loan), and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit (including, in each case, on the occasion of the initial Borrowings hereunder), is subject to the satisfaction of the following conditions:

- (a) the representations and warranties of the Borrower set out in this Agreement shall be true and correct on and as of the date of each such Borrowing (other than a Borrowing by way of conversion or rollover of an existing Borrowing where the aggregate outstanding Loans will not be increased as a consequence thereof) as if made on such date (except where such representation or warranty is stated to be made as of a particular date);

- (b) at the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing; and
- (c) the Administrative Agent shall have received a Borrowing Request in the manner and within the time period required by Section 2.1(2).

Each such Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the accuracy of the matters specified in Sections 4.2(a) and (b).

ARTICLE 5

AFFIRMATIVE COVENANTS

5.1 Covenants.

From (and including) the Closing Date until the Termination Date, the Borrower covenants and agrees with the Lenders as follows:

(1) *Financial Statements and Other Information.* The Borrower shall furnish to the Administrative Agent for distribution to each Lender:

- (a) as soon as available and in any event within 90 days after the end of each Fiscal Year, the audited Consolidated balance sheet and related statements of income, retained earnings and changes in financial position of the Borrower as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by an independent auditor of recognized national standing (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Borrower on a Consolidated basis;
- (b) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, the unaudited Consolidated balance sheet and related statements of income, retained earnings and changes in financial position of the Borrower as of the end of and for such Fiscal Quarter and the then elapsed portion of the Fiscal Year which includes such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Responsible Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower on a Consolidated basis, subject to normal year-end audit adjustments;
- (c) as soon as available and in any event within 90 days after the end of each Fiscal Year, unless the same have been publicly filed on the SEDAR system prior to that date, the audited Consolidated balance sheet and related statements of income, retained earnings and changes in financial position of Village as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by an independent auditor of recognized national standing (without a “going concern” or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all

material respects the financial condition and results of operations of Village on a consolidated basis;

- (d) concurrently with the financial statements required pursuant to Sections 5.1(1)(a) and (b), a Compliance Certificate;
- (e) on or before the 90th day after each Fiscal Year end, an annual budget of the Borrower (consolidating on the basis of principal lines of business of the Borrower), approved by the board of directors of the Borrower, setting forth in reasonable detail the projected consolidated revenues, expenses, income statement, capital expenditures, and cash flow statement of the Borrower for the following Fiscal Year, it being recognized by the Lenders that projections as to future results are not to be viewed as fact and that the actual results for the period or periods covered by such projections may differ from the projected results;
- (f) as soon as available and in any event within 30 days after the end of each calendar month, a Borrowing Base Report dated as of, and reflecting amounts as of, the close of business on the last day of such calendar month, including (i) an aged summary of Receivables of the Borrower and any Subsidiaries including information regarding: country of domicile; intercompany amounts; doubtful accounts; accounts in dispute; contra accounts; holdbacks and any deposits received from each account debtor which remain outstanding at the reporting date; and (ii) an aged summary of accounts payable of the Borrower and any Subsidiaries;
- (g) promptly after receipt or knowledge thereof a copy of (i) any adverse material document, letter or notice from Health Canada to a Group Party (it being understood that any warning shall be material) or other Governmental Authority, (ii) any adverse material amendment to, adverse material breach of, or expiration or termination of, a Material Contract, (iii) any written notice, investigation, correspondence or other proceedings or actions which could reasonably be expected to adversely and materially affect any Cannabis Authorization, including any such notice, investigation, correspondence or proceedings involving Health Canada, , and (iv) any Material Contract entered into after the Closing Date;
- (h) promptly after the Borrower learns of the receipt or occurrence of any of the following, a certificate of the Borrower, signed by a Responsible Officer of the Borrower, specifying (i) any event which constitutes a Default or Event of Default that is continuing, together with a detailed statement specifying the nature thereof and the steps being taken to cure such Default or Event of Default, (ii) the receipt of any notice from, or the taking of any other action by, the holder of any Indebtedness of any Credit Party in an amount in excess of \$500,000 with respect to an actual or alleged default, together with a detailed statement specifying the notice given or other action taken by such holder and the nature of the claimed default and what action the relevant Credit Party is taking or proposes to take with respect thereto, (iii) any notice of termination or other proceedings or actions which could reasonably be expected to adversely affect any of the Loan Documents, (iv) the creation, dissolution, merger, amalgamation or acquisition of any Credit Party or subsidiary thereof, (v) any event or condition not previously disclosed to the Administrative Agent, which violates any Environmental Laws and which could reasonably be expected to have a Material Adverse Effect, (vi) any material change in accounting or financial reporting practices by the Borrower or any Subsidiary, and (vii) any other event, development or condition which could reasonably be expected to have a Material Adverse Effect;

- (i) promptly after the occurrence thereof, notice of the institution of or any material adverse development in any action, suit or proceeding or any governmental investigation or any arbitration before any court or arbitrator or any Governmental Authority or official against any Credit Party or any material property thereof (including pursuant to any applicable Environmental Laws) which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;
- (j) (i) promptly after the filing thereof with any Governmental Authority, copies of each annual information return, actuarial and other reports (including applicable schedules) and any applications for regulatory approval of asset withdrawals or commuted value transfers with respect to each Pension Plan or any fund maintained in respect thereof, (ii) promptly after becoming aware of any failure to withhold, make, remit or pay any employee or employer payments, contributions (including “normal cost”, “special payments” and any other payments in respect of any funding deficiencies or shortfalls) or premiums to a Pension Plan on a timely basis or the occurrence of or forthcoming occurrence of any event which could reasonably be expected to result in the partial or full termination of any Pension Plan, written notice thereof, together with an explanation of the actions taken or proposed to be taken by any Credit Parties relating thereto, and (iii) upon request by the Administrative Agent, copies of any notifications or remittances or similar documents prepared and delivered to the trustee or custodian of any Pension Plan pursuant to section 56.1 of the *Pension Benefits Act* (Ontario) or similar applicable legislation in another jurisdiction;
- (k) concurrently with any delivery of financial statements under Section 5.1(1)(a) or (b), a certificate of a Responsible Officer of the Borrower identifying (i) any material change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 5.1(1)(a) and specifying the effect of such change on the financial statements accompanying such certificate, (ii) the acquisition or formation of any Subsidiary since the end of the previous Fiscal Quarter; (iii) any entry into a Material Contract or any entry into, material amendment to, termination of, or material default under, any collective bargaining agreement, (iv) any Permitted Acquisitions that have been consummated since the end of the previous Fiscal Quarter, including the date on which each such Permitted Acquisition was consummated and the consideration therefor, and (v) any prepayment events set out in Section 2.9 that have occurred since the end of the previous Fiscal Quarter and setting forth a reasonably detailed calculation of the Net Proceeds received therefrom;
- (l) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Credit Party, or compliance with the terms of this Agreement or any other Loan Document, as the Administrative Agent may reasonably request;
- (m) concurrently with the delivery of the financial statements under Section 5.1(1)(a) or (b) a supplement to any Schedule hereto, or any representation herein or in any other Loan Document, with respect to any matter hereafter arising that, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in such Schedule or as an exception to such representation or that is necessary to correct any information in such Schedule or representation which has been rendered inaccurate thereby (and, in the case of any supplements to any Schedule, such Schedule shall be appropriately marked to show the changes made therein); provided that (i) no such supplement to any of

Schedules 3.1(3), 3.1(5), 3.1(25) shall amend, supplement or otherwise modify such Schedule or corresponding representation, or be or be deemed a waiver of any Default or Event of Default resulting from the matters disclosed therein, except as consented to by the Administrative Agent and the Required Lenders in writing, and (ii) no supplement shall be required or permitted as to representations and warranties that relate solely to the Closing Date.

(2) *Existence; Conduct of Business.* The Borrower shall, and shall cause each other Credit Party and Village to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence (except to the extent permitted by Section 6.1(3)), and except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect and obtain, preserve, renew and keep in full force and effect any and all rights, licenses, permits, privileges and franchises (other than Cannabis Authorizations) material to the conduct of its business except to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(3) *Cannabis Authorizations.* The Borrower shall:

- (a) deliver to the Administrative Agent a copy of each Cannabis Authorization upon the request of the Administrative Agent;
- (b) be and remain the sole legal and beneficial owner of all Cannabis Authorizations;
- (c) maintain as valid and in full force and effect each Cannabis Authorization and, where applicable, procure the renewal thereof prior to its expiration;
- (d) comply in all material respects with the terms and conditions of each Cannabis Authorization and do all material things required of a holder thereof by applicable Cannabis Law;
- (e) with due diligence and in a reasonable manner, enforce the material rights granted to it under and in connection with each Cannabis Authorization;
- (f) not dispose of or abandon any right, title or interest in any Cannabis Authorization;
- (g) apply for and obtain each future Cannabis Authorization on or before such time as it shall be required by applicable Law; and
- (h) timely pay all Taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Cannabis Authorizations

(4) *Payment of Obligations.* The Borrower shall, and shall cause each other Credit Party to, pay its material obligations before they are overdue, including material Tax liabilities, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, and (b) the Borrower or such Credit Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP.

(5) *Books and Records; Inspection Rights.* The Borrower shall, and shall cause each other Credit Party to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower shall, and shall cause each other Credit Party to, permit any representatives designated by the Administrative Agent or any

Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested;

(6) *Compliance with Laws.* The Borrower shall, and shall cause each other Credit Party to, comply with all Laws (other than Cannabis Laws) and orders of any Governmental Authority applicable to it or its property or its business and with all of its material contractual obligations, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrower shall, and shall cause each other Credit Party and its and their respective directors, officers, employees and Relevant Agents to, comply with all Anti-Corruption Laws and Sanctions.

(7) *Compliance with Cannabis Laws.* The Borrower shall, and shall cause each other Group Party and each Investment in a Person who engages in Cannabis Activities, to comply in all material respects with all Cannabis Laws applicable to it, its property and its business.

(8) *Use of Proceeds and Letters of Credit.* The proceeds of the Term Loans shall be used on the Closing Date solely to repay Indebtedness of the Credit Parties. The proceeds of the Revolving Loans shall be used for working capital and other general corporate purposes of the Borrower. Letters of Credit shall be issued only to support (i) Permitted Indebtedness, and (ii) other obligations of Credit Parties incurred in the ordinary course business.

(9) *Further Assurances.*

(a) The Borrower shall, and shall cause each other Credit Party to, upon request from the Administrative Agent, cure promptly any defects in the execution and delivery of the Loan Documents, including this Agreement. Upon request from the Administrative Agent, the Borrower shall, at its expense, as promptly as practical, execute and deliver to the Administrative Agent, all such other and further documents, agreements and instruments (and cause each other Credit Party to take such action) in compliance with or performance of the covenants and agreements of the Borrower or any other Credit Party in any of the Loan Documents, including this Agreement, or to further evidence and more fully describe the Collateral, or to correct any omissions in any of the Loan Documents, or more fully to state the security obligations set out herein or in any of the Loan Documents, or to perfect, protect or preserve any Liens created pursuant to any of the Loan Documents, or to make any recordings, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith, in the judgment of the Administrative Agent, acting reasonably.

(b) The Borrower shall, and shall cause each of the other Credit Parties to, perform and satisfy to the satisfaction of the Administrative Agent and its counsel each of the requirements (the “**Post-Closing Requirements**”) listed in Schedule 5.1(8) on or before the date by which such Post-Closing Requirement is to be required to be performed pursuant thereto, subject to any extension referred to below. For greater certainty, the Borrower acknowledges and agrees that the Post-Closing Requirements expressly include the obligation of the Borrower to, and to cause each of the other Credit Parties to, co-operate fully and promptly with the Administrative Agent and its counsel with respect to the completion of each of the Post-Closing Requirements and the provision of all information, documents, matters and things as the Administrative Agent or its counsel, acting reasonably, may deem necessary or advisable (i) to determine what actions must be taken to fulfil each of the Post-Closing Requirements, (ii) to complete and fulfil each of the Post-

Closing Requirements, and (iii) to confirm and assess whether all actions necessary to fulfil each of the Post-Closing Requirements have been taken. The Administrative Agent, by instrument in writing and without any consent from any of the Lenders, may, in its sole and absolute discretion, (A) extend any deadline for completion of a Post-Closing Requirement if the Administrative Agent, acting in good faith, believes that the extension will enable the Borrower and the Credit Parties to comply with such Post-Closing Requirement and such extension will not have a material adverse effect upon the Lenders, and (B) may release the Borrower and the Credit Parties from any of the Post-Closing Requirements identified on Schedule 5.1(8) if the Administrative Agent, acting in good faith, believes that the Borrower and the Credit Parties have used reasonable commercial efforts to satisfy such Post-Closing Requirement but are unable to do so as a result of a lack of any required consent, approval or other agreement from any relevant third party.

(10) *Insurance.*

- (a) The Borrower shall, and shall cause each other Credit Party to, maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to their respective properties and business against such liabilities, casualties, risks and contingencies and in such types (including business interruption insurance and flood insurance) and amounts and with deductibles as are customary in the case of Persons engaged in the same or similar businesses and similarly situated and in accordance with any requirement of any Governmental Authority.
- (b) In the case of any fire, accident or other casualty causing loss or damage to any property of any Credit Party used in generating cash flow or required by applicable Law, all proceeds of such policies shall be used to either (i) promptly repair or replace any such property, or (ii) repay Loans in accordance with Section 2.9(2)(a).
- (c) The Borrower shall obtain endorsements to the policies which it is required to maintain pursuant to this Section 5.1(10) pertaining to all physical properties in which the Administrative Agent shall have a Lien under the Loan Documents, naming the Administrative Agent as an additional insured (with respect to liability insurance only) and a loss payee and containing (i) if generally available from the insurer, provisions that such policies will not be cancelled without 30 days prior written notice having been given by the insurance company to the Administrative Agent, and (ii) a standard non contributory "mortgagee", "lender" or "secured party" clause. The Borrower will furnish the Lender with insurance broker certificates for the insurance maintained by or on behalf of the Credit Parties on the Closing Date and thereafter promptly following request from the Administrative Agent from time to time. In addition, promptly following request from the Administrative Agent from time to time, the Borrower shall furnish the Administrative Agent with true copies of the policies for such insurance.
- (d) In the event the Borrower fails to provide the Administrative Agent with timely evidence, acceptable to the Administrative Agent, of the maintenance of insurance coverage required pursuant to this Section 5.1(10), or in the event that any Credit Party fails to maintain such insurance, the Administrative Agent may purchase or otherwise arrange for such insurance, but at the Borrower's expense and without any responsibility on the Administrative Agent's part for: (i) obtaining the insurance; (ii) the solvency of the insurance companies; (iii) the adequacy of the coverage; or (iv) the collection of claims. The insurance acquired by the Administrative Agent may, but need not, protect any Credit Party's interest in the

Collateral, and therefore such insurance may not pay claims which a Credit Party may have with respect to the Collateral or pay any claim which may be made against a Credit Party in connection with the Collateral. In the event the Administrative Agent purchases, obtains or acquires insurance covering all or any portion of the Collateral, the Borrower shall be responsible for all of the applicable costs of such insurance, including premiums, interest (at the applicable interest rate for Revolving Loans set forth in Section 2.5), fees and any other charges with respect thereto, until the effective date of the cancellation or the expiration of such insurance. The Administrative Agent may charge all of such premiums, fees, costs, interest and other charges to the Borrower's Revolving Loan account. The Borrower hereby acknowledges that the costs of the premiums of any insurance acquired by the Administrative Agent may exceed the costs of insurance which the Borrower may be able to purchase on its own. In the event that the Administrative Agent purchases such insurance, the Administrative Agent shall promptly, and in any event within 15 days, notify the Borrower of said purchase.

- (e) Upon the occurrence and continuance of an Event of Default (and without limiting any other rights of the Administrative Agent or the Lenders hereunder or under any other Loan Document), (i) the Administrative Agent shall, subject to the rights of any holders of Permitted Liens holding claims senior to the Administrative Agent, have the sole right, in the name of the Administrative Agent or any applicable Credit Party, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies, and (ii) all insurance proceeds in respect of any Collateral shall be paid to the Administrative Agent. In such event, the Administrative Agent shall apply such insurance proceeds to the obligations of the Borrower in accordance with Section 2.9(2)(a).

(11) *Operation and Maintenance of Property.* The Borrower shall, and shall cause each other Credit Party to, manage and operate its business or cause its business to be managed and operated (a) in accordance with prudent industry practice in all material respects and in compliance in all material respects with the terms and provisions of all applicable licenses, leases, contracts and agreements, and (b) in compliance with all applicable Laws of the jurisdiction in which such businesses are carried on, and all applicable Laws of every other Governmental Authority from time to time constituted to regulate the ownership, management and operation of such businesses, except where a failure to so manage and operate would not have a Material Adverse Effect. The Borrower shall, and shall cause each other Credit Party to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

- (12) *Security Package.*

- (a) *Credit Party Guarantee.* The Borrower shall cause Village and each present and future Subsidiary to enter into, or accede to, the Credit Party Guarantee, such that such Person guarantees in favour of the Administrative Agent, for the benefit of the Secured Parties, all Secured Liabilities of the Borrower. Such obligation of a Person to accede to the Credit Party Guarantee shall arise as soon as reasonably practicable after such Person becomes a Subsidiary.

- (b) *Liens.* The Borrower shall, and shall cause each present and future Credit Party to, provide at all times in favour of the Administrative Agent, for the benefit of the Secured Parties, a first-priority Lien (subject only to Permitted Liens) over all present and future personal property (other than Excluded Property) and real property of such Credit Party as security for its Secured Liabilities, together with such supporting materials as may be required to ensure the perfection or priority of such Lien. The obligation of a Credit Party to provide any such Lien shall arise as soon as is reasonably practicable following such Person (i) becoming a Credit Party, or (ii) acquiring assets, property or undertaking (other than Excluded Property) that are not already subject to a Lien
- (c) *Supporting Materials.* In connection with the execution and delivery of any Security Document pursuant to this Section 5.1(12), the Borrower shall, or shall cause the relevant other Credit Party to deliver to the Administrative Agent such corporate resolutions, certificates, legal opinions, title insurance and such other related documents as shall be reasonably requested by the Administrative Agent (including a consent from any minority shareholder) and consistent with the relevant forms and types thereof delivered on the Closing Date or as shall be otherwise reasonably acceptable to the Administrative Agent
- (d) Rose Lifescience. If:
 - (i) Rose LifeScience becomes a direct Wholly-Owned Subsidiary of Village prior to December 31, 2025;
 - (ii) at such time Rose LifeScience has positive Subject EBITDA for the most recent twelve-month period; and
 - (iii) Rose LifeScience accedes to the Credit Party Guarantee and the GSA, such that it becomes a Credit Party,

then, at the written request of the Borrower, the Administrative Agent and the Lenders agree to amend this Agreement to provide for:

- (iv) Rose Lifescience becoming a Guarantor (and Credit Party) hereunder;
- (v) all financial covenants hereunder being determined on a Combined basis;
- (vi) all financial reporting hereunder being made on both a Combined and consolidated basis; and
- (vii) all corresponding changes as may be reasonably necessary.

For the avoidance of doubt, nothing herein shall require the Borrower to cause Rose Lifesciences to accede to the Credit Party Guarantee and the GSA or make such amendment request.

- (13) *Financial Covenants.* The Borrower shall:
 - (a) *Fixed Charge Coverage Ratio.* Maintain a Fixed Charge Coverage Ratio of more than 1.10:1.00 at all times.

(b) *Leverage Ratio.* Maintain a Leverage Ratio of not more than 3.00:1:00 at all times.

(14) *Registrations.* The Borrower shall record, file or register, at its own expense, applications for registration or financing statements (and continuation or financing change statements when applicable), and make any other registrations or filings, including where required, the registration of each of the Security Documents (collectively, “**Registrations**”) with respect to the Collateral now existing and hereafter created or arising and the creation of Liens therein under and as contemplated by the Security Documents, meeting the requirements of applicable Law, in such manner and in such jurisdictions as are necessary or desirable to protect, perfect and maintain the protection and perfection of, such Liens, and to deliver a file stamped copy of each such Registration or other evidence of such Registration to the Administrative Agent on or prior to the Closing Date. If any Credit Party (a) makes any change in its name, jurisdiction or organization or corporate structure, (b) changes its place of domicile, registered head office or chief executive office, or (c) takes any other action, which in any such case would, under the applicable Law, require the amendment of any Registration recorded, registered and filed in accordance with the provisions hereof, the Borrower shall within 10 days after a change referred to in Section 5.1(14)(a) or prior to the taking of any action referred to in Section 5.1(14)(b) or (c), give the Administrative Agent notice of any such change or other action and shall promptly file such Registrations as may be necessary or desirable to continue the perfection of the Liens in the Collateral intended under the Security Documents. The Administrative Agent shall be under no obligation whatsoever to record, file or register any Registration, or to make any other recording, filing or registration in connection herewith.

ARTICLE 6 NEGATIVE COVENANTS

6.1 Negative Covenants.

From (and including) the Closing Date until the Termination Date, the Borrower covenants and agrees with the Lenders as follows:

(1) *Indebtedness.* The Borrower shall not, and shall not permit any other Credit Party to, create, incur, assume or permit to exist any Indebtedness other than Permitted Indebtedness.

(2) *Liens.* The Borrower shall not, and shall not permit any other Credit Party to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by the Borrower or any other Credit Party except Permitted Liens.

(3) *Corporate Changes.* The Borrower shall not, and shall not permit any other Credit Party to, merge into or amalgamate or consolidate with any other Person, or permit any other Person to merge into or amalgamate or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing:

- (a) any Credit Party may merge into, amalgamate or consolidate with any other Credit Party;
- (b) any Guarantor may liquidate, wind-up or dissolve if it is a Wholly-Owned Subsidiary of another Credit Party and all of its property passes to such Credit Party;

provided that, immediately following any transaction pursuant to Section 6.1(3)(a), the merged, amalgamated or continuing corporation shall provide written confirmation satisfactory to the

Administrative Agent, acting reasonably, that it is liable for the obligations of the relevant Credit Party under the Loan Documents.

(4) *Permitted Business.* The Borrower shall not, and shall not permit any other Group Party to, engage in any Cannabis Activities or make an Investment in any Person who engages in Cannabis Activities, other than in an Approved Cannabis Jurisdiction in accordance with applicable Cannabis Laws. The Borrower shall not, and shall not permit any other Group Party to, own assets or carry on business in any jurisdiction which is not an Approved Cannabis Jurisdiction.

(5) *Asset Dispositions.* The Borrower shall not, and shall not permit any other Credit Party to, make any Asset Disposition except for Fair Market Value and when no Default or Event of Default has occurred and is existing and where the Net Proceeds therefrom are dealt with in accordance with Section 2.9(2)(a).

(6) *Investments.* The Borrower shall not, and shall not permit any other Credit Party to, make or permit to exist any Investment other than Permitted Investments; provided that no new Investments (other than Investments in Cash Equivalents) shall be made at any time that a Default or Event of Default exists. The Borrower shall not, and shall not permit any other Credit Party to, make or permit to exist any Investment in a Person that conducts Cannabis Activities other than in an Approved Cannabis Jurisdiction in accordance with applicable Cannabis Laws.

(7) *Acquisitions.* The Borrower shall not, and shall not permit any other Credit Party to, make or enter into any Acquisition other than, when no Default or Event of Default exists or would be caused thereby, Permitted Acquisitions.

(8) *Hedge Arrangements.* The Borrower shall not, and shall not permit any other Credit Party to, enter into any Hedge Arrangement, except:

- (a) Hedge Arrangements entered into in order to hedge or mitigate risks to which any Credit Party has actual exposure (other than those in respect of Equity Securities); or
- (b) Hedge Arrangements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of any Credit Party.

(9) *Restricted Payments.* The Borrower shall not, and shall not permit any other Credit Party to, declare, pay or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that, so long as no Default or Event of Default is continuing or would be caused thereby:

- (a) a Credit Party may make a Restricted Payment to another Credit Party;
- (b) the Borrower may make a Restricted Payment solely by way of, or funded entirely by the issuance of, its own Equity Securities; and
- (c) the Borrower may make any other Restricted Payment if (i) following such Restricted Payment the Leverage Ratio would be no greater than 1.50: 1.00, and (ii) a Responsible Officer has provided a certificate to the Administrative Agent confirming that the conditions for such payment have been met.

(10) *Transactions with Affiliates.* The Borrower shall not, and shall not permit any other Credit Party to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of their Affiliates, except:

- (a) in the ordinary course of business at prices and on terms and conditions not less favourable to the Borrower or such other Credit Party than could be obtained on an arm's-length basis from unrelated third parties;
- (b) transactions between or among Credit Parties not involving any of their other Affiliates; and
- (c) any Indebtedness, Investment, Acquisition or Restricted Payment permitted hereunder.

(11) *Restrictive Agreements.* The Borrower shall not, and shall not permit any other Credit Party to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon:

- (a) the ability of any Credit Party to create, incur or permit to exist any Lien upon any of its property or assets other than the Permitted Liens;
- (b) the ability of any Credit Party to pay dividends or other distributions with respect to any Equity Securities or with respect to, or measured by, its profits or to repay loans or advances to any other Credit Party or to provide a Guarantee of any Indebtedness of any other Credit Party;
- (c) the ability of any Credit Party to make any loan or advance to any other Credit Party; or
- (d) the ability of any Credit Party to sell, lease or transfer any of its property to any other Credit Party;

provided that (i) Section 6.1(11) (a)-(d) shall not apply to restrictions and conditions imposed by Law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.1(11) (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and condition apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) Section 6.1(11)(a) shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (v) Section 6.1(11)(a) shall not apply to customary provisions in leases and other ordinary course contracts restricting the assignment thereof, and (vi) the foregoing shall not apply to normal course restrictions contained in standard form documents with respect to Bonding Obligations.

(12) *Sales and Leasebacks.* The Borrower shall not, and shall not enter into, or permit any other Credit Party to, enter into any arrangement, directly or indirectly, with any Person whereby the Borrower or any such other Credit Party shall sell or transfer any property, whether now owned or hereafter acquired, and whereby the Borrower or any such other Credit Party shall then or thereafter rent or lease as lessee such property or any part thereof or other property which the Borrower or any such other Credit Party intends to use for substantially the same purpose or purposes as the property sold or transferred.

(13) *Pension Plan Compliance.* The Borrower shall not, and shall not permit any other Credit Party to, (a) terminate or wind-up or take any other action with respect to any Pension Plan which could reasonably be expected to result in any liability of any Credit Party, (b) fail to make full payment when due of all amounts which, under the terms of any Pension Plan or applicable Law, the Credit Party is required to pay as contributions or premiums thereto, (c) establish, sponsor, administer, contribute to, participate in, or assume any liability (including any contingent liability) under any Defined Benefit Plan other than the Defined Benefit Plans listed on Schedule 3.1(17), or (d) acquire an interest in any Person if such Person sponsors, maintains or contributes to any Defined Benefit Plan.

(14) *Sale or Discount of Receivables.* The Borrower shall not, and shall not permit any other Credit Party to, discount or sell (with or without recourse), any of its income or revenues, including any Receivables, or rights in respect thereof.

(15) *Unconditional Purchase Obligations.* The Borrower shall not, and shall not permit any other Credit Party to, enter into or be a party to, any material contract for the purchase of materials, supplies or other property or services if such contract requires that payment be made by the Borrower or any such other Credit Party regardless of whether or not delivery of such materials, supplies or other property or services is ever made, except any such contract for the purchase of electrical power entered into by the Borrower or any such other Credit Party in the ordinary course of its business.

(16) *Issuance of Shares.* The Borrower shall not, and shall not permit any other Credit Party to, authorize or issue:

- (a) any Equity Securities of a Credit Party to any Person other than another Credit Party;
- (b) or allow to exist, any options, warrants or other rights to purchase any Equity Securities of a Credit Party, to or in favour of any Person other than another Credit Party; or
- (c) any preferred shares or other Equity Securities having a mandatory redemption right existing with regard thereto which could become operative on or before the Termination Date.

The Borrower shall not, and shall not permit any other Credit Party to, own, hold or control Equity Securities of any Subsidiary unless it is a Wholly-Owned Subsidiary of one or more Credit Parties. There are no outstanding options, warrants or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Equity Securities of any Credit Party.

(17) *No Amendments to Constatting Documents, etc.* The Borrower shall not, and shall not permit any other Credit Party to, amend, its constating documents, by-laws, partnership agreement or operating agreement, as applicable, in a manner that would adversely affect the Administrative Agent or the Lenders or such Credit Party's duty or ability to repay the Secured Liabilities.

(18) *No Amendments to Material Contracts.* The Borrower shall not, and shall not permit any other Credit Party to amend, modify, allow to expire, fail to exercise any renewal right or terminate (or waive any provision of, provide any consent under, or allow for the termination of) any Material Contract in a manner which may reasonably be expected to have a Material Adverse Effect. For the avoidance of doubt, any increase in the amount payable under or in connection with the D2 Lease shall be prohibited by this Section 3.1(18).

(19) *Use of Proceeds.* The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall procure that each other Credit Party and its and their respective directors, officers, employees and Relevant Agents shall not use, the proceeds of any Borrowing or Letter of Credit:

- (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws;
- (b) for the purpose of funding, financing or facilitating any prohibited activities, business or transaction of or with any Sanctioned Person; or
- (c) in any other manner that would result in the violation of any Sanctions.

(20) *Bankruptcy Proceedings.* The Borrower shall ensure that, following the occurrence of an Event of Default under either of Sections 7.1(h) or (i), no Credit Party shall (i) oppose any steps taken by the Administrative Agent or the Lenders to initiate any liquidation, winding-up, reorganization (in each case, other than as specifically permitted hereunder), arrangement, adjustment, protection, relief or composition of such Credit Party or such Credit Party's debts under any applicable Law relating to bankruptcy, insolvency, reorganization, incorporation law or relief of debtors including any plan of compromise or arrangement or other similar corporate proceeding involving or affecting its creditors, or (ii) oppose any motion brought by the Administrative Agent or the Lenders to lift any stay of proceedings for that purpose.

ARTICLE 7 EVENTS OF DEFAULT

7.1 Events of Default.

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

- (a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;
- (b) any Credit Party shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 7.1(a)) payable under any Loan Document, when and as the same shall become due and payable;
- (c) any representation or warranty made or deemed made by any Credit Party or Village in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect when made or deemed to be made;
- (d) any Credit Party or Village shall fail to observe or perform any covenant, condition or agreement contained in Section 5.1(1)(i) (notice of certain events), Section 5.1(1)(g) (notice of Default or Event of Default), Section 5.1(2) (Existence; Conduct of Business), Section 5.1(3) (Cannabis Authorizations), Section 5.1(7) (Use of Proceeds and Letters of

Credit), Section 5.1(7) (Compliance with Cannabis Laws), Section 5.1(13) (Financial Covenants) or in Article 6 (or in any comparable provision of any other Loan Document);

- (e) any Credit Party or Village shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in Section 7.1(a), (b) or (d)) or any other Loan Document, and such failure shall continue unremedied for a period of 30 days after the earlier of (i) knowledge thereof by any Credit Party, or (ii) notice thereof from the Administrative Agent to the Borrower (which notice shall be given at the request of any Lender);
- (f) any Credit Party or Village shall fail to make any payment of any Material Indebtedness when and as the same shall become due and payable;
- (g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this Section 7.1(g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness so long as the proceeds of such sale or transfer are sufficient to, and are applied to, reduce such secured Indebtedness to nil;
- (h) any Credit Party or Village:
 - (i) admits in writing that it is insolvent or unable to pay its liabilities as they generally become due;
 - (ii) commits an act of bankruptcy under the BIA, files a voluntary assignment in bankruptcy under the BIA, makes a proposal (or files a notice of its intention to do so) under the BIA or seeks any other relieve in respect of itself under the BIA;
 - (iii) institutes any proceedings seeking relief in respect of itself under the CCAA;
 - (iv) institutes any proceeding seeking relief in respect of itself under the WURA
 - (v) in addition to the forgoing, institutes any other proceeding seeking: (a) to adjudicate itself an insolvent person or a bankrupt; (b) to liquidate, dissolve or wind-up its business or assets, other than a solvent winding-up of a Guarantor into another Credit Party, (c) to compromise, arrange, adjust or declare a moratorium in respect of the payment of, its debts; (d) to stay the rights of creditors generally (or any class of creditors); (e) any other relief in respect of itself under any federal, provincial or foreign applicable Law now or hereafter in effect relating to bankruptcy, winding-up, other than a solvent winding-up of a Guarantor into another Credit Party, insolvency, receivership, restructuring of business, assets or debt, reorganization of business, other than a reorganization or arrangement which does not relate to or involve the compromise, settlement, adjustment or arrangement of debt, assets or debt or protection of debtors from their creditors (such applicable Law includes any applicable corporations legislation to the extent the relief sought under such corporations legislation relates to or involves the

compromise, settlement, adjustment or arrangement of debt); or (f) any other relief which provides for plans or schemes of reorganization, plans or schemes of arrangement, other than a reorganization or arrangement which does not relate to or involve the compromise, settlement, adjustment or arrangement of debt, or plans or schemes of compromise, in respect of itself, to be submitted or presented to creditors (or any class of creditors);

- (vi) applies for the appointment of, or has a receiver (either court or privately appointed), interim receiver, receiver/manager (either court or privately appointed), sequestrator, monitor, conservator, custodian, administrator, trustee, liquidator or other similar official appointed in respect of it, or any substantial part of its property; or
 - (vii) threatens to do any of the foregoing, or takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in this Section 7.1(h);
- (i) any petition is filed, application made or other proceeding instituted against or in respect of any Credit Party or Village:
- (i) seeking to adjudicate it an insolvent person;
 - (ii) seeking a bankruptcy order against it under the BIA;
 - (iii) seeking to institute proceedings against it under the CCAA;
 - (iv) seeking to institute proceedings against it under the WURA;
 - (v) seeking, in addition to the foregoing: (a) to adjudicate it an insolvent person or a bankrupt; (b) to liquidate, dissolve or wind-up its business or assets; (c) to compromise, arrange, adjust or declare a moratorium in respect of the payment of, its debts; (d) to stay the rights of creditors generally (or any class of creditors); (e) any other relief in respect of it under any federal, provincial or foreign applicable Law now or hereafter in effect relating to bankruptcy, winding-up, other than a solvent winding-up of a Guarantor into another Credit Party, insolvency, receivership, restructuring of business, assets or debt, reorganization of business, other than a reorganization or arrangement which does not relate to or involve the compromise, settlement, adjustment or arrangement of debt, assets or debt, or protection of debtors from their creditors (such applicable Law includes any applicable corporations legislation to the extent the relief sought under such corporations legislation relates to or involves the compromise, settlement, adjustment or arrangement of debt); or (f) any other relief which provides plans or schemes of reorganization, plans or schemes of arrangement, other than a reorganization or arrangement which does not relate to or involve the compromise, settlement, adjustment or arrangement of debt, or plans or schemes of compromise in respect of it, to be submitted or presented to creditors (or any class of creditors); or
 - (vi) seeking the issuance of an order for the appointment of a receiver, interim receiver, receiver/manager, sequestrator, monitor, conservator, custodian, administrator,

trustee, liquidator or other similar official in respect of it or any substantial part of its property,

and such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of 30 days after the institution thereof, provided that: (a) if the Credit Party fails to contest such petition, application or proceeding the 30 day grace period shall cease to apply; (b) if an order, decree or judgment is issued (whether or not entered or subject to appeal) against the Credit Party thereunder within the 30 day period, such grace period will cease to apply, and (c) if the Credit Party files an answer or other responding materials admitting the material allegations of a petition, application or other proceeding filed against it, such grace period will cease to apply;

- (j) any other event occurs which, under the Laws of any applicable jurisdiction, has an effect upon a Credit Party or Village equivalent to any of the events referred to in either of Sections 7.1(h) or (i);
- (k) one or more judgments for the payment of money in a cumulative amount in excess of \$500,000 in the aggregate is rendered against any one or more of the Credit Parties or Village and they have not (i) provided for its satisfaction in accordance with its terms within 30 days from the date of entry thereof, or (ii) procured a stay of execution thereof within 30 days from the date of entry thereof and within such period, or such longer period during which execution of such judgment has not been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal, provided that if enforcement or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period shall cease to apply;
- (l) any property of any Credit Party or Village having a Fair Market Value in excess of \$500,000 in the aggregate is seized (including by way of execution, attachment, garnishment, levy or distraint), or any Lien thereon securing Indebtedness in excess of \$500,000 is enforced, or such property has become subject to any charging order or equitable execution of a Governmental Authority, or any writ of execution or distress warrant exists in respect of any Credit Party or the property of any of them, or any sheriff or other Person becomes lawfully entitled by operation of law or otherwise to seize or distraint upon such property and in any case such seizure, enforcement, execution, attachment, garnishment, distraint, charging order or equitable execution, or other seizure or right, continues in effect and is not released or discharged for more than 10 days or such longer period during which entitlement to the use of such property continues by such Credit Party, and such Credit Party is contesting the same in good faith and by appropriate proceedings, provided that if the property is removed from the use of such Credit Party, or is sold, in the interim, such grace period shall cease to apply;
- (m) one or more final judgments, not involving the payment of money and not otherwise specified in this Section 7.1(m), has been rendered against any Credit Party or Village, the result of which could reasonably be expected to result in a Material Adverse Effect, so long as such Credit Party or Village, as applicable, has not (i) provided for its satisfaction in accordance with its terms within 30 days from the date of entry thereof, or (ii) procured a stay of execution thereof within 30 days from the date of entry thereof and within such period, or such longer period during which execution of such judgment has been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal,

provided that if enforcement or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period shall cease to apply;

- (n) this Agreement, any other Loan Document or any material obligation or other material provision hereof or thereof at any time for any reason terminates or ceases to be in full force and effect and a legally valid, binding and enforceable obligation of any Credit Party or Village (as applicable), is declared to be void or voidable or is repudiated, or the validity, binding effect, legality or enforceability hereof or thereof is at any time contested by any Credit Party or Village, or any Credit Party or Village denies that it has any or any further liability or obligation hereunder or thereunder or any action or proceeding is commenced to enjoin or restrain the performance or observance by any Credit Party or Village of any material terms hereof or thereof or to question the validity or enforceability hereof or thereof, or at any time it is unlawful or impossible for any Credit Party or Village to perform any of its material obligations hereunder or thereunder;
- (o) any Lien purported to be created by any Security Document shall cease to be, or shall be asserted by any Credit Party not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) Lien in Collateral with a Fair Market Value or book value (whichever is greater) in excess, individually or in the aggregate, of \$500,000;
- (p) a Material Adverse Change shall occur;
- (q) a Change of Control shall occur;
- (r) the occurrence of an "Event of Default", "Termination Event" or any other event specified in a Secured Hedge Arrangement that entitles the Secured Hedge Counterparty thereto to cause its early termination in accordance with the terms thereof;
- (s) the Cannabis Act is repealed and is not immediately replaced with substantially similar legislation; or
- (t) any Cannabis Authorization shall (i) expire or be revoked, terminated or cancelled, and in any such case not immediately replaced, renewed or reinstated on comparable terms or (ii) be modified in any materially adverse fashion, or
- (u) Village shall fail to deliver to the Administrative Agent the Post-Closing Requirements listed in Schedule 5.8 (Post-Closing Requirements) hereto, on or before the date by which each such Post-Closing Requirement is to be performed,

then,

- (A) and in every such event other than those described in (B), and at any time thereafter during the continuance of such event or any other such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (x) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (y) declare the Loans outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable (together with

accrued interest thereon), the LC Prepayment with respect to all outstanding Letters of Credit, and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind except as set out earlier in this paragraph, all of which are hereby waived by the Borrower, and

- (B) in the case of any event with respect to the Borrower described in Section 7.1(h), (i), (j) or (u) then the Commitments shall automatically terminate and the principal of the Loans then outstanding (together with accrued interest thereon), the LC Prepayment with respect to all outstanding Letters of Credit, and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

7.2 Rebalancing.

During the occurrence of an Event of Default the Administrative Agent shall make all usual and customary adjustments as may be required to ensure that each Lender holds its Applicable Percentage of Loans under each Credit, and each Lender agrees to take all actions as are necessary to give effect to such adjustments, including, without limitation, advancing amounts to the Administrative Agent for distribution to other Lenders.

7.3 Application of Payments.

Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Secured Liabilities shall, subject to Section 2.21, be applied by the Administrative Agent as follows:

- (a) first, to payment of that portion of the Secured Liabilities constituting fees, indemnities, expenses and other amounts payable to the Administrative Agent (including fees and disbursements and other charges of counsel to the Administrative Agent payable under Section 9.3 and amounts pursuant to Section 2.10 payable to the Administrative Agent in its capacity as such);
- (b) second, to payment of that portion of the Secured Liabilities constituting fees, expenses, indemnities and other amounts (other than principal, reimbursement obligations in respect of LC Disbursements, interest and Letter of Credit fees) payable to the Lenders and the Issuing Banks (including fees and disbursements and other charges of counsel to the Lenders and the Issuing Banks payable under Section 9.3) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (b) payable to them;
- (c) third, to payment of that portion of the Secured Liabilities constituting accrued and unpaid Letter of Credit fees and charges and interest on the Loans and unreimbursed LC Disbursements, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause (c) payable to them;
- (d) fourth, (A) to payment of that portion of the Secured Liabilities constituting unpaid principal of the Loans and unreimbursed LC Disbursements and (B) to cash collateralize that portion of Total LC Exposure comprising the undrawn amount of Letters of Credit to

the extent not otherwise cash collateralized by the Borrower pursuant to Section 2.19 or 2.21, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause (d) payable to them; provided that (x) any such amounts applied pursuant to subclause (B) above shall be paid to the Administrative Agent for the ratable account of the applicable Issuing Banks to cash collateralize Reimbursement Obligations in respect of Letters of Credit, (y) subject to Section 2.19 or 2.21, amounts used to cash collateralize the aggregate amount of Letters of Credit pursuant to this clause (d) shall be used to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit (without any pending drawings), the pro rata share of cash collateral shall be distributed to the other Reimbursement Obligations, if any, in the order set forth in this Section 7.3;

- (e) fifth, to the payment in full of all other Secured Liabilities, in each case ratably among the Administrative Agent, the Lenders and the Issuing Banks based upon the respective aggregate amounts of all such Secured Liabilities owing to them in accordance with the respective amounts thereof then due and payable; and
- (f) finally, the balance, if any, after all Secured Liabilities have been indefeasibly paid in full, to the Borrower or as otherwise required by law.

If any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired (without any pending drawings), such remaining amount shall be applied to the other Secured Liabilities, if any, in the order set forth above.

ARTICLE 8 THE ADMINISTRATIVE AGENT

8.1 Appointment of Administrative Agent.

Each Lender hereby designates Canadian Imperial Bank of Commerce as Administrative Agent to act as herein specified and as specified in the other Loan Documents. Each Lender hereby irrevocably authorizes the Administrative Agent to take such action on its behalf under the provisions of the Loan Documents and to exercise such powers and to perform such duties thereunder as are specifically delegated to or required of the Administrative Agent by the terms thereof and such other powers as are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder by or through its agents or employees. Each Secured Party hereby (a) irrevocably authorizes and directs the Administrative Agent to execute and deliver each Intercreditor Agreement on behalf of such Secured Party, and (b) agrees that each Intercreditor Agreement shall be a binding obligation of such Secured Party, enforceable against it in accordance with its terms. The provisions of this Article 8 are solely for the benefit of the Administrative Agent and the Lenders (including the Swingline Lender and the Issuing Bank), and neither the Borrower nor any other Credit Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” as used herein or in any other Loan Document (or any similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

8.2 Secured Parties.

- (a) The Security Documents shall be in favour of the Administrative Agent for the benefit of the Secured Parties.
- (b) The Secured Hedge Obligations shall be secured by the Liens granted under the Security Documents and rank *pari passu* with the obligations of the Borrower under this Agreement;
- (c) The Secured Cash Management Obligations shall be secured by the Liens granted under the Security Documents and rank *pari passu* with the obligations of the Borrower under this Agreement;
- (d) Notwithstanding such common security and prior to the Lender Termination Date, all decisions regarding the administration, forbearance and enforcement of the Security Documents shall be made by the Administrative Agent and the Lenders alone, and no Secured Hedge Counterparty or Secured Cash Management Provider shall have any voting rights under this Agreement or any other right whatsoever to participate in the administration or enforcement of the Security Documents. For the avoidance of doubt but without limitation, prior to the Lender Termination Date any or all of the Security Documents or any rights contained therein may be amended or released by the Administrative Agent without the consent of any Secured Hedge Counterparty or Secured Cash Management Provider, in those capacities.
- (e) Each Lender that is or becomes a Secured Hedge Counterparty or Secured Cash Management Provider shall be bound as such by virtue of its execution and delivery of this Agreement or an Assignment and Assumption, as applicable, notwithstanding that such capacity as Secured Hedge Counterparty or Secured Cash Management Provider may not be identified on its signature line. Each Lender shall cause its Related Non-Party Beneficiaries to comply with the terms and conditions of the Loan Documents applicable to them and pay and perform their debts, liabilities and obligations thereunder.

8.3 Limitation of Duties of Administrative Agent.

The Administrative Agent shall have no duties or responsibilities except those expressly set out with respect to the Administrative Agent in this Agreement and as specified in the other Loan Documents. None of the Administrative Agent, nor any of its Related Parties shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have, by reason of this Agreement or the other Loan Documents, a fiduciary relationship in respect of any Secured Party. Nothing in this Agreement or the other Loan Documents, expressed or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement except as expressly set out herein. The Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to this Agreement or the other Loan Documents unless it is requested in writing to do so by the Required Lenders.

8.4 Lack of Reliance on the Administrative Agent.

(1) *Independent Investigation.* Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise

or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business. Independently, and without reliance upon the Administrative Agent, each Lender, to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Credit Parties in connection with the taking or not taking of any action in connection herewith, and (b) its own appraisal of the creditworthiness of the Credit Parties, and, except as expressly provided in this Agreement and the other Loan Documents, the Administrative Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the consummation of the Transactions or at any time or times thereafter.

(2) *Agents Not Responsible.* The Administrative Agent shall not be responsible to any Lender for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Agreement or the other Loan Documents or the financial condition of the Credit Parties or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or the other Loan Documents, or the financial condition of the Credit Parties, or the existence or possible existence of any Default or Event of Default.

8.5 Certain Rights of the Administrative Agent.

If the Administrative Agent shall request instructions from the Lenders or the Required Lenders (as the case may be) with respect to any act or action (including the failure to act) in connection with this Agreement or the other Loan Documents, the Administrative Agent shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent shall have received written instructions from the Lenders or the Required Lenders, as applicable, and the Administrative Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Administrative Agent as a result of the Administrative Agent acting or refraining from acting under this Agreement and the other Loan Documents in accordance with the instructions of the Required Lenders, or, to the extent required by Section 9.2, all of the Lenders.

8.6 Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or facsimile message, electronic mail, cablegram, radiogram, order or other documentary teletransmission, telephone message, Internet or intranet website posting or other distribution believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan or Borrowing that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

8.7 Indemnification of Administrative Agent.

To the extent the Administrative Agent is not reimbursed and indemnified by the Borrower, each Lender shall reimburse and indemnify the Administrative Agent, in proportion to its aggregate Applicable Percentage, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in performing its duties hereunder, in any way relating to or arising out of this Agreement or any other Loan Document; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or willful misconduct. For the avoidance of doubt, the Borrower shall reimburse a Lender for any payment pursuant to this Section 8.7.

8.8 The Administrative Agent in its Individual Capacity.

With respect to its obligations under this Agreement and the Loans made by it, Canadian Imperial Bank of Commerce, in its capacity as a Lender hereunder, shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not performing the duties, if any, specified herein; and the terms "**Lenders**", "**Required Lenders**", "**Revolving Credit Lenders**", "**Term Credit Lenders**" and any similar terms shall, unless the context clearly otherwise indicates, include Canadian Imperial Bank of Commerce in its capacity as a Lender hereunder. The Administrative Agent and the Arranger may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Borrower or any Affiliate of the Borrower as if it were not performing the duties, if any, specified herein, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

8.9 May Treat Lender as Owner.

The Borrower, the Administrative Agent and the Issuing Bank may deem and treat each Lender as the owner of the Loans recorded on the Register maintained pursuant to Section 9.4(3) for all purposes hereof until a written notice of the assignment or transfer thereof shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of a Loan shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

8.10 Successor Administrative Agent.

(1) *Replacement of Administrative Agent.* The Administrative Agent may resign at any time by giving written notice thereof to the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Required Lenders shall have the right, upon five Business Days' notice to the Borrower, to appoint a successor Administrative Agent (who shall not be a non-resident of Canada within the meaning of the ITA), subject to the approval of the Borrower, such approval not to be unreasonably withheld. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then, upon five Business Days' notice to the Borrower, the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent (subject to approval of the Borrower, such approval not to be unreasonably withheld), which shall be a financial institution organized under the

laws of Canada having a combined capital and surplus of at least \$1,000,000,000 or having a parent company with combined capital and surplus of at least \$1,000,000,000.

(2) *Rights, Powers, etc.* Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

8.11 No Independent Legal Action.

Notwithstanding that any debt arising hereunder to a Lender shall be separate and independent debt, no Lender may take any independent legal action to enforce any obligation of the Borrower hereunder. Each Lender hereby acknowledges that, to the extent permitted by applicable Law, the Security Documents and the remedies provided thereunder to the Secured Parties are for the benefit of the Secured Parties collectively and acting together and not severally, and further acknowledges that each Secured Party's rights hereunder and under the Security Documents are to be exercised collectively, not severally, by the Administrative Agent upon the decision of the Required Lenders. Accordingly, notwithstanding any of the provisions contained herein or in the Security Documents, each of the Lenders hereby covenants and agrees that it and its Related Non-Party Beneficiaries shall not be entitled to take any action hereunder or thereunder, including any declaration of default hereunder or thereunder, but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Required Lenders, provided that, notwithstanding the foregoing, in the absence of instructions from the Lenders (or the Required Lenders) and where in the sole opinion of the Administrative Agent the exigencies of the situation so warrant such action, the Administrative Agent may without notice to or consent of the Lenders (or the Required Lenders) take such action on behalf of the Secured Parties as it deems appropriate or desirable in the interests of the Secured Parties. Each Lender hereby further covenants and agrees that upon any such written consent being given by the Required Lenders (or, to the extent required by Section 9.2, the Lenders), it and its Related Non-Party Beneficiaries shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent, and each Lender further covenants and agrees that all proceeds from the realization of the Security Documents, to the extent permitted by applicable Law, are held for the benefit of all of the Secured Parties and shall be shared among them in accordance with this Agreement, and each Lender acknowledges that all costs of any such realization (including all amounts for which the Administrative Agent is required to be indemnified under the provisions hereof) shall be shared among the Lenders in accordance with this Agreement. Each Lender covenants and agrees to do, and to cause its Related Non-Party Beneficiaries to do, all acts and things and to make, execute and deliver all agreements and other instruments, so as to fully carry out the intent and purpose of this Section 8.11, and each Lender hereby covenants and agrees that it and its Related Non-Party Beneficiaries shall not (i) seek, take, accept or receive any Lien (other than a right of set-off) or Guarantee for any of the Secured Liabilities other than is provided to the Administrative Agent, or (ii) enter into any other agreement with any of the Credit Parties relating in any manner whatsoever to the Credits unless all of the Lenders shall at the same time obtain the benefit of any such agreement. For the avoidance of doubt but subject always to Section 2.16, nothing in this Section 8.11 shall limit or otherwise affect the ability of any Secured Party to separately enforce its rights under any document, instrument or agreement with respect to any Secured Hedge Arrangement or Cash Management Services.

8.12 Arranger.

The Arranger has no duties, liabilities or obligations hereunder.

8.13 Québec Security.

For the purposes of the grant of security under the laws of the Province of Quebec which may now or in the future be required to be provided by any Credit Party, the Administrative Agent is hereby irrevocably authorized and appointed by each of the Lenders hereto to act as hypothecary representative (within the meaning of Article 2692 of the Civil Code of Quebec) for all present and future Lenders (in such capacity, the “**Hypothecary Representative**”) in order to hold any hypothec granted under the laws of the Province of Quebec and to exercise such rights and duties as are conferred upon the Hypothecary Representative under the relevant deed of hypothec and applicable Laws (with the power to delegate any such rights or duties). The execution prior to the date hereof by the Administrative Agent in its capacity as the Hypothecary Representative of any deed of hypothec or other security documents made pursuant to the laws of the Province of Quebec, is hereby ratified and confirmed. Any Person who becomes a Lender or successor Administrative Agent shall be deemed to have consented to and ratified the foregoing appointment of the Administrative Agent as the Hypothecary Representative on behalf of all Secured Parties, including such Person and any Affiliate of such Person designated above as a Lender. For greater certainty, the Administrative Agent, acting as the Hypothecary Representative, shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favor of the Administrative Agent in this Agreement, which shall apply mutatis mutandis. In the event of the resignation of the Administrative Agent (which shall include its resignation as the Hypothecary Representative) and appointment of a successor Administrative Agent, such successor Administrative Agent shall also act as the Hypothecary Representative, as contemplated above.

8.14 [Reserved.]

8.15 Erroneous Payments by the Administrative Agent.

(1) *Clawback.* If the Administrative Agent (x) notifies a Lender or other Secured Party, or any Person who has received funds on behalf of a Lender or other Secured Party under or pursuant to any of the Loan Documents (any such Lender, other Secured Party or other recipient (and each of their respective successors and assigns), a “**Payment Recipient**”) that the Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under Section 8.15(2)) that any funds (as set forth in such notice from the Administrative Agent) received by such Payment Recipient from the Administrative Agent or any of its Affiliates were erroneously or mistakenly transmitted or paid to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender, other Secured Party or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an “**Erroneous Payment**”) and (y) demands in writing the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Administrative Agent pending its return or repayment as contemplated below in this Section 8.15(1) and held in trust for the benefit of the Administrative Agent, and such Lender or other Secured Party shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than three Business Days thereafter (or such later date as the Administrative Agent may, in its sole discretion, specify in writing), return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon (except to the extent waived in writing by the Administrative Agent) in respect of each day from and including the date such Erroneous Payment

(or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent in same day funds at the greater of (x) in respect of an Erroneous Payment in Canadian Dollars or any other currency, at a fluctuating rate per annum equal to the overnight rate at which Canadian Dollars or funds in the currency of such Erroneous Payment, as the case may be, may be borrowed by the Administrative Agent in the interbank market in an amount comparable to such Erroneous Payment (as determined by the Administrative Agent), and (y) a rate determined by the Administrative Agent in accordance with banking industry rules or prevailing market practice for interbank compensation from time to time in effect. A notice of the Administrative Agent to any Payment Recipient under this Section 8.15(1) shall be conclusive, absent manifest error.

(2) *Error Designation.* Without limiting the immediately preceding Section 8.15(1), each Lender or other Secured Party, or any Person who has received funds on behalf of a Lender or other Secured Party (and each of their respective successors and assigns) under or pursuant to any of the Loan Documents, hereby further agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in this Agreement or in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates), or (z) that such Lender or Secured Party, or other such recipient, otherwise becomes aware was transmitted, paid, or received, in error or by mistake (in whole or in part), then in each such case:

- (a) it acknowledges and agrees that (i) in the case of immediately preceding clauses (x) or (y), an error and mistake shall be presumed to have been made (absent express written confirmation from the Administrative Agent to the contrary), or (ii) an error and mistake has been made (in the case of immediately preceding clause (z)), in each case, with respect to such payment, prepayment or repayment; and
- (b) such Lender or other Secured Party shall cause any other recipient that receives funds on its respective behalf to promptly (and, in all events, within one Business Day of its knowledge of the occurrence of any of the circumstances described in the immediately preceding clauses (x),(y) and (z)) notify the Administrative Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Administrative Agent pursuant to this Section 8.15(2).

For the avoidance of doubt, the failure to deliver a notice to the Administrative Agent pursuant to this Section 8.15(2) shall not have any effect on a Payment Recipient's obligations pursuant to Section 8.15(1) or on whether or not an Erroneous Payment has been made.

(3) *Set-off.* Each Lender or other Secured Party hereby authorizes the Administrative Agent to set-off, net and apply any and all amounts at any time owing to such Lender or other Secured Party under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Lender or other Secured Party under any Loan Document with respect to any payment of principal, interest, fees or other amounts, against any amount that the Administrative Agent has demanded to be returned under Section 8.15(1).

(4) *Assignment.* In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor in accordance with Section 8.15(1), from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment

Recipient who received such Erroneous Payment (or portion thereof) on its behalf) (such unrecovered amount, an “**Erroneous Payment Return Deficiency**”), upon the Administrative Agent’s notice to such Lender at any time, then effective immediately (with the consideration therefor being acknowledged by the parties hereto):

- (a) such Lender shall be deemed to have assigned its Loans (but not any of its Commitments) under any of the applicable Credits with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Facilities”) in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not any of its Commitments) of the Erroneous Payment Impacted Facilities, the “**Erroneous Payment Deficiency Assignment**”) (on a cashless basis and such amount calculated at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Administrative Agent in such instance)), and is hereby (together with the Borrower) deemed to execute and deliver an Assignment and Assumption with respect to such Erroneous Payment Deficiency Assignment;
- (b) the Administrative Agent as the assignee Lender shall be deemed to have acquired the Erroneous Payment Deficiency Assignment;
- (c) upon such deemed acquisition, the Administrative Agent as the assignee Lender shall become a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and any of its Commitments which shall survive as to such assigning Lender;
- (d) the Administrative Agent and the Borrower shall each be deemed to have waived any consents required under this Agreement to any such Erroneous Payment Deficiency Assignment; and
- (e) the Administrative Agent will reflect in the Register its ownership interest in the Loans subject to the Erroneous Payment Deficiency Assignment.

For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Lender and such Commitments shall remain available in accordance with the terms of this Agreement. Subject to Section 9.4 (but excluding, in all events, any assignment consent or approval requirements (whether from the Borrower or otherwise)), the Administrative Agent may, in its discretion, sell any Loans acquired pursuant to an Erroneous Payment Deficiency Assignment and, upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Loan (or portion thereof), and the Administrative Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). In addition, an Erroneous Payment Return Deficiency owing by the applicable Lender (x) shall be reduced by the proceeds of prepayments or repayments of principal and interest, or other distribution in respect of principal and interest, received by the Administrative Agent on or with respect to any such Loans acquired from such Lender pursuant to an Erroneous Payment Deficiency Assignment (to the extent that any such loans are then owned by the Administrative Agent) and (y) may, in the sole discretion of the Administrative Agent, be reduced by any amount specified by the Administrative Agent in writing to the applicable Lender from time to time.

(5) *Secured Liabilities Satisfaction.* The parties hereto agree that (x) irrespective of whether the Administrative Agent may be equitably subrogated, in the event that an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights and interests of such Payment Recipient (and, in the case of any Payment Recipient who has received funds on behalf of a Lender or other Secured Party, to the rights and interests of such Lender or Secured Party, as the case may be) under the Loan Documents with respect to such amount (the “**Erroneous Payment Subrogation Rights**”) (provided that the Credit Parties’ Secured Liabilities under the Loan Documents in respect of the Erroneous Payment Subrogation Rights shall not be duplicative of such Secured Liabilities in respect of Loans that have been assigned to the Administrative Agent under an Erroneous Payment Deficiency Assignment), and (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Secured Liabilities owed by the Borrower or any other Credit Party; provided that this Section 8.15(5) shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the obligations of the Borrower relative to the amount (and/or timing for payment) of the obligations that would have been payable had such Erroneous Payment not been made by the Administrative Agent; provided, further, that for the avoidance of doubt, immediately preceding clauses (x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from (i) the Borrower or any other Credit Party or (ii) the proceeds of realization from the enforcement of one or more of the Loan Documents against or in respect of one or more of the Credit Parties; provided that, in each case, such funds were received by the Administrative Agent for the purpose of discharging such Secured Liabilities.

(6) *Waiver of Defences.* To the extent permitted by applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defence or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payment received, including, without limitation, any defence based on “discharge for value”, “good consideration” for the Erroneous Payment or change of position by such Payment Recipient, any defence that the intent of the Administrative Agent was that such Payment Recipient retain the Erroneous Payment in all events, or any doctrine or defence similar to any of the foregoing.

(7) *Survival.* Each party’s obligations, agreements and waivers under this Section 8.15 shall survive the resignation or replacement of the Administrative Agent, or any assignment or transfer of rights or obligations by, or the replacement of, a Lender or an Affiliate thereof the termination of the Commitments and/or the repayment, satisfaction or discharge of all Secured Liabilities (or any portion thereof) under any Loan Document.

(8) *Affiliates.* For purposes of this Section 8.15, each Lender:

- (a) agrees it is executing and delivering this Agreement with respect to this Section 8.15 both on its own behalf and as agent for and on behalf of its Affiliates referred to in this Section 8.15 and any Person receiving funds under or pursuant to any of the Loan Documents on behalf of such Lender or any of such Affiliates;
- (b) represents, warrants, covenants and agrees that its Affiliates referred to in this Section 8.15 and any Person receiving funds under or pursuant to any of the Loan Documents on behalf of such Lender or any of such Affiliates are bound by the provisions of this Section 8.15; and

- (c) agrees that any matter or thing done or omitted to be done by such Lender, its Affiliates, or any Person receiving funds under or pursuant to any of the Loan Documents on behalf of such Lender or any of such Affiliates which are the subject of this Section 8.15 will be binding upon such Lender and such Lender does hereby indemnify and save the Administrative Agent and its Affiliates harmless from any and all losses, expenses, claims, demands or other liabilities of the Administrative Agent and its Affiliates resulting from the failure of such Lender, its Affiliates or such Persons to comply with their obligations under and in respect of this Section 8.15.

(9) *No Borrower Liability.* Except pursuant to an Erroneous Payment Deficiency Assignment or the exercise of any Erroneous Payment Subrogation Rights (or any equivalent equitable subrogation rights), the Borrower shall not have any liability to the Administrative Agent for any Erroneous Payment or any interest, loss, cost or damages related thereto or arising therefrom under any provision of this Agreement or any other Loan Document or under any legal principle or theory, whether arising by law or in equity.

ARTICLE 9 MISCELLANEOUS

9.1 Notices.

(1) *Method and Contact Information.* Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 9.1(2)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or e-mail in each case to the addressee, as follows:

- (a) if to the Borrower or any other Credit Party:

Pure Sunfarms Corp.
4431 – 80th Street
Delta, British Columbia
V4K 3N3

Attention: [***Redacted – Personally Identifying Information***]

E-mail: [***Redacted – Personally Identifying Information***]

with a copy to (which shall not constitute notice):

Farris LLP
2500 – 700 West Georgia Street
Vancouver, British Columbia
V7Y 1B3

Attention: [***Redacted – Personally Identifying Information***]

Email: [***Redacted – Personally Identifying Information***]

- (b) if to the Administrative Agent:

Canadian Imperial Bank of Commerce, as Administrative Agent
Infrastructure/Technology, Infrastructure and Innovation
595 Bay Street, 7th Floor
Toronto, Ontario
M5G 2C2

Attention: [***Redacted – Personally Identifying Information***]
E-mail: [***Redacted – Personally Identifying Information***]

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street
Toronto, Ontario
M5L 1A9

Attention: [***Redacted – Personally Identifying Information***]
Email: [***Redacted – Personally Identifying Information***]

- (c) if to any Lender or any Issuing Bank, to it at its address, facsimile number or e-mail address set out opposite its name on Schedule 9.1 or in the Assignment and Assumption by which it becomes a Lender.

(2) *Electronic Communications.* Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communication to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(3) *Change of Address; When Notice Deemed Given.* Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto in the manner provided in Section 9.1. All notices and other communications given to any Party in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(4) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (5) below, shall be effective as provided in said paragraph (5).

(5) Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other

communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(6) *Electronic Systems.*

- (a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System. Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Closing Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Banks and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Banks and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.
- (b) Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “**Agent Parties**”) have any liability to any Credit Party, any Lender, any Issuing Bank or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party’s or the Administrative Agent’s transmission of Communications through an Electronic System, except to the extent of direct or actual damages as are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct on the part of any Agent Party or such Credit Party; provided that any Communication to any Lenders, prospective Lenders, Participants or prospective Participants or, to the extent such disclosure is otherwise permitted, to any other Person through an Electronic System shall be made subject to the acknowledgement and acceptance by such Person that such Communication is being disseminated or disclosed on a confidential basis (on terms substantially the same as set forth in Section 9.16 or otherwise reasonably acceptable to the Administrative Agent and the Borrower), which shall in any event require “click through” or other affirmative actions on the part of the recipient to access such Communication. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or the

Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

9.2 Waivers; Amendments.

(1) *Waiver.* No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 9.2(2), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(2) *Amendments - General.* Neither this Agreement nor any other Security Document (or any provision hereof or thereof) may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders (and for greater certainty, any such waiver, amendment or modification shall not require any consent or other agreement of any Credit Party other than the Borrower, notwithstanding that any such Credit Party may be a party to this Agreement or any other Loan Document); provided that no such agreement shall:

- (a) increase the amount of any Credit or any Commitment of any Lender thereunder;
- (b) extend the expiry date of any Commitment of any Lender;
- (c) reduce the principal amount of any Loan or reduce the rate of interest or any fee applicable to any Loan (provided that the Required Lenders may amend the definition of Leverage Ratio or any of its constituent definitions notwithstanding any effect on the Applicable Margin);
- (d) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable in respect thereof, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment (it being understood that (i) modifications to, or waivers of, the mandatory prepayment provisions of Section 2.9(2) do not fall within this clause (d));
- (e) change Section 2.16 in a manner that would alter the sharing of payments required thereby;
- (f) otherwise increase the principal amount of Indebtedness available hereunder;
- (g) amend the definition of Secured Parties or Secured Liabilities, or any of their constituent defined terms;
- (h) change any of the provisions of this Section 9.2 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to

waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder;

- (i) waive any Event of Default under Section 7.1(h), (i), or (j) (it being understood that any other Event of Default may be waived by the Required Lenders, notwithstanding that the Loans would otherwise bear a default rate of interest and be capable of falling due and payable); or
- (j) release any Credit Party from any material obligations under the Security Documents and other instruments contemplated by this Agreement, release or discharge any of the Liens arising under the Security Documents, permit the creation of any Liens (other than Permitted Liens) on any of the assets subject to the Liens arising under the Security Documents, waive or forgo the delivery any Security Document required hereunder, lower the priority of any Lien arising under any of the Security Documents, or lower the priority of any payment obligation of any Credit Party under any of the Loan Documents,

in each case without the prior written consent of each Lender, or in the case of the matters referred to in Section 9.2(2)(a), (b), (c), (d) and (e), without the prior written consent of each Lender directly affected thereby, and provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder, as the case may be, without the prior written consent of the Administrative Agent, Issuing Bank or Swingline Lender (as applicable).

(3) *Amendments - without Lenders.* Notwithstanding Section 9.2(2), the Administrative Agent may:

- (a) release and discharge the Liens constituted by the Security Documents or a Guarantor from the Credit Party Guarantee to the extent necessary to enable a Credit Party to complete any Asset Disposition which is not prohibited by this Agreement or the other Loan Documents;
- (b) subordinate the Liens constituted by the Security Documents to any Lien permitted by clause (c) of the definition of Permitted Lien;
- (c) together with the Borrower, enter into amendments or modifications to this Agreement or any of the other Loan Documents, or enter into additional Loan Documents, in each case as the Administrative Agent deems appropriate in order to implement any Conforming Changes or otherwise effectuate the terms of Section 2.12(1) or (2); and
- (d) together with the Borrower, amend, modify or supplement any provision of this Agreement or any other Loan Document as required to cure any ambiguity, omission, mistake, typographical error or other defect identified by the Administrative Agent and the Borrower acting together;

and all such actions shall become effective without any further action or consent of any Lender or any other party to this Agreement.

9.3 Expenses; Indemnity; Damage Waiver.

(1) *Expenses.* The Borrower shall pay (a) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of

counsel for the Administrative Agent and all applicable Taxes, in connection with the syndication of the credit facilities provided for herein and the preparation and administration of this Agreement and the other Loan Documents, (b) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and applicable Taxes, in connection with any amendments, modifications or waivers of the provisions hereof or of any of the other Loan Documents, (whether or not the transactions contemplated hereby or thereby shall be consummated), and (c) all out-of-pocket expenses incurred by the Administrative Agent, the Arranger or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender and all applicable Taxes, in connection with the assessment, enforcement or protection of their rights in connection with this Agreement, including its rights under Section 9.3, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(2) *Indemnity.* The Borrower shall indemnify the Arranger and each Secured Party, as well as each Related Party and each assignee of any of the foregoing Persons (each such Person and each such assignee being called an “**Indemnatee**”) against, and hold each Indemnatee harmless from, any and all losses, claims, cost recovery actions, damages, expenses and liabilities of whatsoever nature or kind and all reasonable out-of-pocket expenses and all applicable Taxes (other than Excluded Taxes) to which any Indemnatee may become subject arising out of or in connection with (a) the execution or delivery of the Loan Documents or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder, and the consummation of the Transactions or any other transactions thereunder, (b) any Loan or Letter of Credit or any actual or proposed use of the proceeds therefrom, including any refusal by the Issuing Bank to honour a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit, (c) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Credit Party, or any Environmental Liability related in any way to a Credit Party, (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnatee is a party thereto, (e) any other aspect of this Agreement and the other Loan Documents (including any misrepresentation made thereunder), or (f) the enforcement of any Indemnatee’s rights hereunder and any related assessment, investigation, defence, preparation of defence, litigation and enquiries; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence (it being acknowledged that ordinary negligence does not necessarily constitute gross negligence) or wilful misconduct of such Indemnatee.

(3) *Lender Responsibility for Unpaid Expenses and Indemnity.* To the extent that the Borrower fails to pay any amount required to be paid under Sections 9.3(1) or (2), each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender (as applicable) such Lender’s Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, an Issuing Bank or the Swingline Lender, in its capacity as such. For the avoidance of doubt, the Borrower shall reimburse a Lender for any payment made pursuant to this Section 9.3(3).

(4) *Inspections for Administration.* Any inspection of any property of any Credit Party made by or through the Administrative Agent or any Lender shall be for purposes of administration of the Credits only, and no Credit Party shall be entitled to rely upon the same (whether or not such inspections are at the expense of the Borrower).

(5) *No Representation.* By accepting or approving anything required to be observed, performed, fulfilled or given to the Administrative Agent or the Lenders pursuant to the Loan Documents, neither the Administrative Agent nor the Lenders shall be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof, and such acceptance or approval thereof shall not constitute a warranty or representation to anyone with respect thereto by the Administrative Agent or the Lenders.

(6) *Relationship Between Parties.* The relationship between the Borrower and the Administrative Agent and the Lenders is, and shall at all times remain, solely that of borrower and lenders. Neither the Administrative Agent nor the Lenders shall under any circumstances be construed to be partners or joint venturers of the Borrower or its Affiliates. Neither the Administrative Agent nor the Lenders shall under any circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with the Borrower or its Affiliates, or to owe any fiduciary duty to the Borrower or its Affiliates. Neither the Administrative Agent nor the Lenders undertake or assume any responsibility or duty to the Borrower or its Affiliates to select, review, inspect, supervise, pass judgment upon or inform the Borrower or its Affiliates of any matter in connection with their property or the operations of the Borrower or its Affiliates. The Borrower and its Affiliates shall rely entirely upon their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by the Administrative Agent or the Lenders in connection with such matters shall be solely for the protection of the Administrative Agent and the Lenders, and neither the Borrower nor any other Person shall be entitled to rely thereon.

(7) *Limitation of Liability.* The Administrative Agent and the Lenders shall not be responsible or liable to any Person for any loss, damage, liability or claim of any kind relating to injury or death to Persons or damage to property caused by the actions, inaction or negligence of any Credit Party or its Affiliates, and the Borrower hereby indemnifies and holds the Administrative Agent and the Lenders harmless on the terms set out in Section 9.3(2) from any such loss, damage, liability or claim.

(8) *Waiver.* To the extent permitted by applicable Law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet).

(9) *Payment of Expenses and Indemnity.* All amounts due under Section 9.3 shall be payable not later than three Business Days after written demand therefor.

9.4 Successors and Assigns.

(1) *Successors and Assigns.* The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (a) the Borrower shall not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void), and (b) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.4. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(2) *Assignment by Lenders.* Any Lender may assign to one or more assignees (treating any fund that invests in bank loans and any other fund that invests in bank loans and is managed by the same investment advisor of such fund or by an Affiliate of such investment advisor as a single assignee) all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans at the time owing to it); provided that:

- (a) except in the case of an assignment to a Lender or a Lender Affiliate must give its prior written consent to such assignment (which consent shall not be unreasonably withheld, conditioned or delayed and the Borrower shall be deemed to have consented to an assignment unless it shall have objected thereto by written notice to the Administrative Agent within three (3) Business Days after having received notice thereof);
- (b) except in the case of an assignment of any Revolving Credit Commitment to an assignee that is a Lender with a Revolving Credit Commitment immediately prior to giving effect to such assignment the Administrative Agent must give its prior written consent to such assignment (which consent shall not be unreasonably withheld, conditioned or delayed);
- (c) the Borrower's consent shall not be required with respect to any assignment made at any time after the occurrence and during the continuance of an Event of Default,
- (d) except in the case of an assignment to an existing Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date on which the Assignment and Assumption relating to such assignment is delivered to the Administrative Agent) shall (i) not be less than \$1,000,000 and (ii) the amount held by each Lender after each such assignment shall not be less than \$5,000,000 unless in each case each of the Borrower and the Administrative Agent otherwise consent in writing;
- (e) each partial assignment in respect of a Commitment and the related Loans shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement in respect of such Commitment and the related Loans;
- (f) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption, Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with (except in the case of an assignment to an existing Lender or a Lender Affiliate) a processing and recordation fee of \$5,000, payable by the assigning Lender;
- (g) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and
- (h) no assignment may be made to Credit Party, any Affiliate of any Credit Party, any Subordinate Creditor or a Defaulting Lender.

The Administrative Agent shall provide the Borrower and each Lender with written notice of any change in (or new) address of a Lender disclosed in an Administrative Questionnaire. Subject to acceptance and recording thereof pursuant to Section 9.4(4), from and after the effective date specified in each Assignment

and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, shall have all of the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, and 2.15 and 9.3). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with Section 9.4 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 9.4(5).

(3) *Register.* The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in Toronto, Ontario a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank, and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(4) *Acceptance and Recording of Assignments.* Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 9.4(2) and any written consent to such assignment required by Section 9.4(2), the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 9.4(4).

(5) *Participations.* Any Lender may, without notice to the Borrower or the consent of the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more Persons that satisfy the requirements of an Eligible Assignee (a "**Participant**") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans owing to it); provided that (a) such Lender's obligations under this Agreement shall remain unchanged, (b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (c) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that (d) such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender shall not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.2(2) that affects such Participant, and (e) the Participant shall agree to maintain the confidentiality of Information (as defined in Section 9.16) on terms and conditions substantively similar to those contained in Section 9.16. Subject to Section 9.4(6), the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 9.3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 9.4(2). To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 9.11 as though it were a Lender, provided that such Participant agrees to be subject to Section 2.16(4) as though it were a Lender.

(6) *Rights of Participant.* A Participant shall not be entitled to receive any greater payment under Sections 2.13, 2.14, 2.15 and 9.3 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

(7) *Lender Pledge of Security.* Any Lender may at any time grant a security interest in all or any portion of its rights under this Agreement to secure the obligations of such Lender, including to secure obligations to the Federal Reserve Bank of New York or any other central banking authority, and Section 9.4 shall not apply to any such grant of a security interest; provided that no grant of a security interest shall release a Lender from any of its obligations hereunder or substitute any such grantee for such Lender as a party hereto.

(8) *Borrower's Obligations.* Any assignment or grant of a participation pursuant to Section 9.4 shall constitute neither a repayment by the Borrower to the assigning or granting Lender of any Loan included therein, nor a new advance of any such Loan to the Borrower by such Lender or by the assignee or Participant, as the case may be. The parties acknowledge that the Borrower's obligations hereunder with respect to any such Loans shall continue and shall not constitute new obligations as a result of such assignment or participation.

9.5 Anti-Money Laundering Legislation.

(1) *Information.* The Borrower acknowledges that, pursuant to AML Legislation, the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assignee or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(2) *Role of Agent.* If the Administrative Agent has ascertained the identity of the Borrower or any authorized signatories of the Borrower for the purposes of applicable AML Legislation, then the Administrative Agent:

- (a) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Administrative Agent within the meaning of applicable AML Legislation; and
- (b) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of the Borrower or any authorized signatories of the Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any such authorized signatory in doing so.

9.6 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.

Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of

any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any applicable Resolution Authority.

9.7 Survival.

All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. Sections 2.13, 2.14, 2.15, 9.3 and Article 8 shall survive and remain in full force and effect, regardless of the consummation of the Transactions, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

9.8 Execution.

(1) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or faxed or other electronic form and the parties adopt any signatures received by a receiving fax machine or via e-mail as original signatures of the parties.

(2) Delivery of an executed counterpart of a signature page of this Agreement or any other Loan Document by telecopy, emailed pdf. or any other electronic means that reproduces an image of, or otherwise constitutes, the actual executed signature page shall be effective as delivery of a manually executed counterpart. The words "execution," "signed," "signature," "delivery," and words of like import

in or relating to any document to be signed in connection with this Agreement or any other Loan Document and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law; provided that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent.

(3) Each Party agrees that, at any time, the Administrative Agent and each Lender may convert paper records of this Agreement, the other Loan Documents and all other documentation delivered to the Administrative Agent hereunder in such capacity (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Administrative Agent's or Lender's, as applicable, normal business practices. Each party hereto agrees that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

9.9 Entire Agreement.

This Agreement (together with the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent), constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no conditions, warranties, representations or other agreements between the parties in connection with the subject matter of this Agreement (whether oral or written, express or implied, statutory or otherwise) except as specifically set out in this Agreement or in such other applicable agreements.

9.10 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.11 Right of Set Off.

If an Event of Default shall have occurred and be continuing (but subject always to Section 2.16(4)), each Secured Party is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Secured Party to or for the credit or the account of any Credit Party against any of and all of the obligations of the Credit Parties now or hereafter existing under the Loan Documents held by such Secured Party, irrespective of whether or not such Secured Party shall have made any demand under any Loan Document and although such obligations may be unmatured and regardless of the currency of the deposit; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Bank, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The applicable Lender shall notify the Borrower and the Administrative Agent of such set-off or application, provided that any failure to give or any delay in

giving such notice shall not affect the validity of any such set-off or application under this Section 9.11. The rights of each Secured Party under this Section 9.11 are in addition to other rights and remedies (including other rights of set off) which such Secured Party may have.

9.12 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract.

9.13 Attornment.

Each party hereto agrees (a) that any action or proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of Ontario, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such Ontario court, (b) that it irrevocably waives any right to, and shall not, oppose any such Ontario action or proceeding on any jurisdictional basis, including forum non conveniens, and (c) not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an Ontario court as contemplated by this Section 9.13.

9.14 Service of Process.

Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.1. Nothing in this Agreement shall affect the right of any Party to serve process in any other manner permitted by Law.

9.15 WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.15.

9.16 Confidentiality; Press Releases and Public Announcements.

Each of the Administrative Agent, the Issuing Bank and each Lender shall maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to each of their Affiliates, Lender Affiliates (in the case of a Lender) directors, officers, employees, agents and advisors, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any rating agency, credit bureau, regulatory authority or other Governmental Authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in

connection with the exercise of any remedies under any Loan Document or any suit, action or proceeding relating to any Loan Document or the enforcement of rights thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 9.16, to (i) any actual or prospective assignee of or Participant in any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any Hedge Arrangement relating to the Borrower and its obligations, (g) to their auditors in connection with any audit, (h) with the consent of the Borrower, or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 9.16, or (ii) becomes available to the Administrative Agent, the Issuing Bank, or any Lender on a non-confidential basis from a source other than the Borrower. For the purposes of this Section 9.16, “**Information**” means all information received from any Credit Party relating to any Credit Party, any of their subsidiaries or Affiliates, or their respective business, other than any such information that is available to the Administrative Agent, the Issuing Bank, the Arranger, or any Lender on a non-confidential basis prior to disclosure by such Credit Party; provided that, in the case of information received from a Credit Party after the date hereof, such information is clearly identified as confidential in writing at the time of delivery. Any Person required to maintain the confidentiality of Information as provided in this Section 9.16 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. The Borrower agrees that it will not issue any press release or make any other kind of public announcement or filing, or consent to the issuance of any press release or the making of any other kind of public announcement or filing, regarding this Agreement and the terms contained herein unless the text of any such release, announcement or filing, and the time and manner in which such release, announcement or filing is made, has been approved by the Administrative Agent, except to the extent required by applicable Law (in which case the Borrower shall make all commercially reasonable efforts to provide advance notice of such release or announcement to the Administrative Agent and consult with the Administrative Agent as to the content thereof). The Borrower acknowledges that the public disclosure of the pricing in the Applicable Margin definition would violate this confidentiality provision, and the Lenders confirm that would result in serious prejudice to the Borrower by virtue of a negative impact to its relationship with the Lenders. The Borrower authorizes the Administrative Agent, following the initial advance hereunder and at the Lender’s expense, to announce and use for marketing purposes the establishment of the Commitments, provided that the Borrower shall be provided an opportunity to review and approve the announcement before it is made. Blake, Cassels & Graydon LLP may inform league table services, such as Thomson Reuters and Bloomberg, and make mention in its promotional publications and the media generally of its representation of the Lender with respect to the Transactions.

9.17 Application under the CCAA.

The Borrower acknowledges that its business and financial relationships with the Administrative Agent and Lenders are unique from its relationship with any other of its creditors. The Borrower shall not file any plan of arrangement under the “*Companies’ Creditors Arrangement Act* (the “**CCAA Plan**”) which provides for, or would permit, directly or indirectly, the Administrative Agent or the Lenders to be classified in the same class with any other creditor of the Credit Parties for purposes of such CCAA Plan.

9.18 No Strict Construction.

The parties hereto have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provisions of this Agreement.

9.19 Release of Security.

- (a) *Asset Disposals.* Upon request from time to time by the Borrower, the Administrative Agent shall, at the expense of the Borrower, execute and deliver such releases and discharges of Security and authorizations to register discharges of registrations thereof as the Borrower may reasonably request in order to discharge the Security over specific items of Collateral disposed of by a Credit Party as permitted by the provisions of the Loan Documents and registrations thereof; provided that the Administrative Agent shall not be obliged to execute and deliver any such release and discharge or authorization pursuant to this Section 9.19(a) at any time an Event of Default has occurred and is continuing.
- (b) *Full Discharge.* On or subsequent to the Termination Date, the Administrative Agent shall, at the request and expense of the Borrower, execute and deliver such releases and discharges of the Security and authorizations to discharge registrations thereof as the Borrower shall reasonably request.
- (c) *Supplemental Release Documentation.* In connection with any release required pursuant to Section 9.19(a) or (b), the Administrative Agent shall also execute and deliver (at the expense of the Borrower) to the Borrower all such other documents and instruments as the Borrower shall reasonably request and which are required as a matter of law to release or reconvey (without representation or warranty by, or recourse of any nature or kind against, the Administrative Agent) to a Credit Party any and all Collateral that is being released from the Security.

Upon the written request of, and at the expense of, the Borrower, the Administrative Agent will release and discharge the Liens constituted by the Security Documents to the extent necessary to enable a Credit Party to complete any asset disposition which is not prohibited by this Agreement or the other Loan Documents.

9.20 Paramourncy.

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document then, notwithstanding anything contained in such other Loan Document, the provisions contained in this Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of such other Loan Document shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of the other Loan Documents is (a) to add to, and not detract from, the panoply of rights granted to the Administrative Agent (for its own benefit and the benefit of the other Secured Parties) under this Agreement. If any act or omission of any or all Credit Parties is expressly permitted under this Agreement but is expressly prohibited under any other Loan Document, such act or omission shall be permitted. If any act or omission is expressly prohibited under any other Loan Document, but this Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed under any other Loan Document but this Agreement does not expressly relieve any or all Credit Parties from such performance, such circumstance shall not constitute a conflict or inconsistency between the applicable provisions of such other Loan Document and the provisions of the Credit Agreement.

9.21 Excluded Swap Obligations.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, any Excluded Swap Obligations of a Guarantor shall be excluded from:

- (a) the definition of “Secured Liabilities” in any Loan Document as it pertains to such Guarantor, and no Lien granted by a such Guarantor under any Loan Document shall secure any Excluded Swap Obligations; and
- (b) the definition of “Debtor Liabilities” in the Credit Party Guarantee as it pertains to such Guarantor, and no Excluded Swap Obligations shall be guaranteed or indemnified by such Guarantor under any Loan Document.

9.22 No Advisory or Fiduciary Responsibility.

(1) The Borrower acknowledges and agrees, and acknowledges its Subsidiaries’ understanding, that no Lender will have any obligations hereunder except those obligations expressly set forth herein and in the other Loan Documents and each Lender is acting solely in the capacity of an arm’s length contractual counterparty to the Borrower with respect to the Loan Documents and the transaction contemplated therein and not as a financial advisor or a fiduciary to, or an agent of, the Borrower or any other person. The Borrower agrees that it will not assert any claim against any Lender based on an alleged breach of fiduciary duty by such Lender in connection with this Agreement and the transactions contemplated hereby. Additionally, the Borrower acknowledges and agrees that no Lender is advising the Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. The Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Lenders shall have no responsibility or liability to the Borrower with respect thereto.

(2) The Borrower further acknowledges and agrees, and acknowledges its Subsidiaries’ understanding, that any Lender may be a full-service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Lender may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, the Borrower, its Subsidiaries and other companies with which the Borrower or any of its Subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Lender or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

(3) In addition, the Borrower acknowledges and agrees, and acknowledges its Subsidiaries’ understanding, that each Lender and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Borrower or any of its Subsidiaries may have conflicting interests regarding the transactions described herein and otherwise. No Lender will use confidential information obtained from the Borrower by virtue of the transactions contemplated by the Loan Documents or its other relationships with the Borrower in connection with the performance by such Lender of services for other companies, and no Lender will furnish any such information to other companies. The Borrower also acknowledges that no Lender has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to the Borrower or any of its Subsidiaries, confidential information obtained from other companies.

9.23 LIMITATION OF LIABILITY.

NO CLAIM MAY BE MADE BY ANY CREDIT PARTY, ANY SECURED PARTY OR ANY OTHER PERSON AGAINST ANY INDEMNITEE ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL

DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS RESULT OF, ANY LOAN DOCUMENT, THE TRANSACTIONS, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH CREDIT PARTY AND SECURED PARTY HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL SUCH CLAIMS, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOUR

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

[signatures on the next following pages]

PURE SUNFARMS CORP., as Borrower

By: _____
Name:
Title:

By: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,
as Administrative Agent, Lender and Issuing Bank

By: _____
Name:
Title:

By: _____
Name:
Title:

FARM CREDIT CANADA, as Lender

By: _____
Name:
Title:

By: _____
Name:
Title:

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael A. DeGiglio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Village Farms International, Inc. for the quarter ended March 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of, the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2025

/s/ Michael A. DeGiglio

Name: Michael A. DeGiglio
Title: Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen C. Ruffini, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Village Farms International, Inc. for the quarter ended March 31, 2025;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2025

/s/ Stephen C. Ruffini

Name: Stephen C. Ruffini
Title: Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Village Farms International, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael A. DeGiglio, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 12, 2025

/s/ Michael A. DeGiglio

Name: Michael A. DeGiglio

Title: Chief Executive Officer

(Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Village Farms International, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen C. Ruffini, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 12, 2025

/s/ Stephen C. Ruffini

Name: Stephen C. Ruffini

Title: Chief Financial Officer
(Principal Financial Officer)