

As filed with the U.S. Securities and Exchange Commission on July 12, 2021.

Registration No. 333-

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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**CADRE HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**3842**

(Primary Standard Industrial  
Classification Code Number)

**38-3873146**

(I.R.S. Employer  
Identification Number)

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**13386 International Pkwy  
Jacksonville, FL 32218  
(904) 741-5400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Warren B. Kanders  
13386 International Pkwy  
Jacksonville, FL 32218  
(904) 741-5400**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this registration statement.

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒

Emerging growth company ☒

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 7(a)(2)(B) of the Securities Act. ☐

#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price <sup>(1)</sup>	Amount of Registration Fee <sup>(2)</sup>
common stock, par value \$0.0001 per share	\$143,750,000	\$15,684.00

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended. Includes the aggregate offering price of any additional shares that the underwriters have the option to purchase.
- (2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price. To be paid in connection with the initial public filing of the registration statement.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

SUBJECT TO COMPLETION, DATED JULY 12, 2021

**CADRE HOLDINGS, INC.**

(a Delaware corporation)

Shares

Common Stock

This is an initial public offering of shares of common stock of Cadre Holdings, Inc.

Prior to this offering there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between \$ and \$ . We have applied to list our common stock on the New York Stock Exchange (the "NYSE") under the symbol "CDRE".

After the completion of this offering, Warren B. Kanders will beneficially own approximately 51% of the voting power of our common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of the NYSE. See "Management — Controlled Company Exemption" and "Principal Stockholders."

*We are an "emerging growth company" under federal securities laws and are subject to reduced public company reporting requirements.*

*Investing in our common stock involves risks. See "Risk Factors" beginning on page 11 to read about factors you should consider before buying shares of our common stock.*

***Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.***

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discounts and/or commissions <sup>(1)</sup>	\$	\$
Proceeds, before expenses, to Cadre Holdings, Inc.	\$	\$

(1) See the section titled "Underwriting" for additional information regarding the compensation payable to the underwriters.

The underwriters may also exercise their option to purchase up to an additional shares of common stock from us, at the initial public offering price, less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2021.

**Stifel****Raymond James****Truist Securities****Stephens Inc.****Roth Capital Partners****PNC Capital Markets LLC****Regions Securities LLC**

Prospectus dated , 2021.

**~~The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registrant statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities ; we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.~~**

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**Dealer Prospectus Delivery Obligation**

**Through and including \_\_\_\_\_, 2021 (the 25<sup>th</sup> day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.**

\_\_\_\_\_

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, governmental publications, reports by market research firms or other independent sources. Some data are also based on our good faith estimates.

\_\_\_\_\_

Neither we nor the underwriters have authorized anyone to provide you any information or make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: we have not, and the underwriters have not, done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.

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## PROSPECTUS SUMMARY

*This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless expressly indicated or the context requires otherwise, the terms “Cadre Holdings,” “Company,” “we,” “us,” and “our” in this prospectus refer to Cadre Holdings, Inc., a Delaware corporation, and its consolidated subsidiaries.*

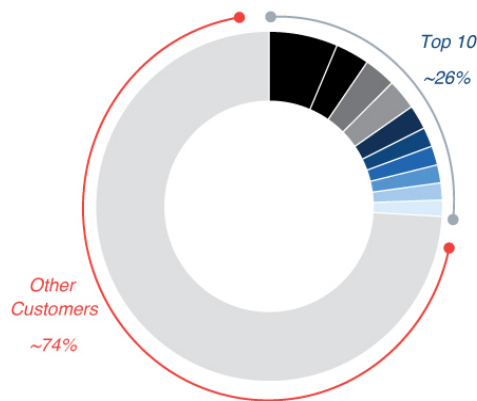
### Business Overview

For over 55 years, we have been a global leader in the manufacturing and distribution of safety and survivability equipment for first responders. Our equipment provides critical protection to allow its users to safely and securely perform their duties and protect those around them in hazardous or life-threatening situations. Through our dedication to superior quality, we establish a direct covenant with end users that our products will perform and keep them safe when they are most needed. We sell a wide range of products including body armor, explosive ordnance disposal equipment and duty gear through both direct and indirect channels. In addition, through our owned distribution, we serve as a one-stop shop for first responders providing equipment we manufacture as well as third-party products including uniforms, optics, boots, firearms and ammunition. The majority of our diversified product offering is governed by rigorous safety standards and regulations. Demand for our products is driven by technological advancement as well as recurring modernization and replacement cycles for the equipment to maintain its efficiency, effective performance and regulatory compliance.

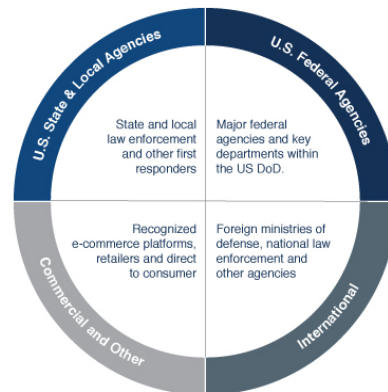
As discussed below, we believe we have established leading market positions across our product portfolio through high-quality standards, innovation and a direct connection to the end users, including being a leading provider of explosive ordnance disposal technician equipment globally as well as a leading provider of safety holsters and a top provider of soft body armor for first responders in the U.S. We service the ever-changing needs of our end users by investing in research and development for new product innovation and technical advancements that continually raise the standards for safety and survivability equipment in the first responder market. Our target end user base includes domestic and international first responders such as state and local law enforcement, fire and rescue, explosive ordnance disposal technicians, emergency medical technicians (“EMT”), fishing and wildlife enforcement and departments of corrections, as well as federal agencies including the U.S. Department of State (“DoS”), U.S. Department of Defense (“DoD”), U.S. Department of Interior (“DoI”), U.S. Department of Justice (“DoJ”), U.S. Department of Homeland Security (“DHS”), U.S. Department of Corrections (“DoC”) and numerous foreign government agencies in over 104 countries.

We have a large and diverse customer base, with our top 10 customers representing approximately 26% of sales, with no individual customer representing more than 6.5% of our total revenue, for the year ended December 31, 2020.

#### REVENUE BY CUSTOMER



#### REPRESENTATIVE CUSTOMERS



We are committed to honoring those who put their lives in danger through the SAVES CLUB®, which pays homage to first responders who experience a life-threatening incident in the line of work in which our armor or gear contribute to saving their lives. The club currently has 2,111 members and counting. With the help of our suppliers, distributors and first responder end users, we strive to fulfill the Company creed: Together, We Save Lives.

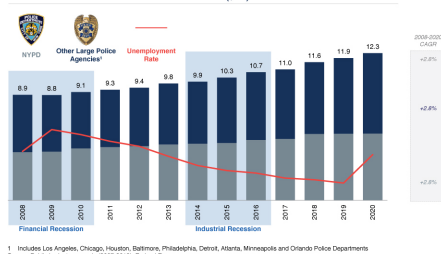
#### Industry Overview

The market for safety and survivability equipment serving first responders focuses on providing a diverse set of protective and mission enhancing products and solutions to our target end users. The market is driven by multiple factors including customer refresh cycles, growing number of personnel employed by first responder organizations, equipment replacement and modernization trends, greater emphasis on public and first responders' safety and demographic shifts.

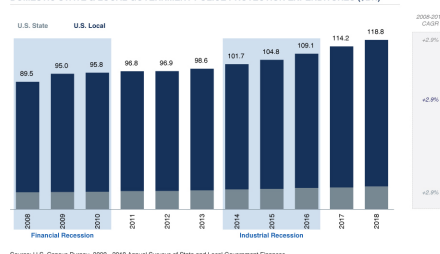
Body armor, explosive ordnance disposal equipment and duty gear comprise the core product areas in the safety and survivability equipment market and law enforcement personnel growth is a significant driver for our business. The U.S. Bureau of Labor Statistics projects the number of law enforcement personnel in the U.S. to increase at a faster rate than broader labor market growth over the 10 year period from 2019 to 2029, or 5%, from 813,500 in 2019 to 854,200 in 2029. Demand for first responder safety and survivability equipment is also fueled by increasing law enforcement budgets. Law enforcement budgets have grown significantly on a per capita basis since 2000, supported by increased spending in major cities and by federal agencies. Per the Bureau of Justice Statistics, in real dollars (adjusted for inflation), local police-protection spending per capita rose 29% from 2000 to 2017. In 2017, real state and local police protection spending per capita was \$326 vs. \$258 in 2000.

The following charts highlight budget growth for major departments from 2008 to 2020 and for domestic state and local police protection spend from 2008 to 2018 (based on available data):

MAJOR DOMESTIC LAW ENFORCEMENT BUDGETS (\$BN)



DOMESTIC STATE & LOCAL GOVERNMENT POLICE PROTECTION EXPENDITURES (\$BN)



In addition to the macro industry trends, each of these product segments experiences unique drivers in and of themselves. Increasing mandatory body armor use and refresh policies, evolving technical standards and increases in tactical or special weapons and tactics (“SWAT”) law enforcement personnel act as tailwinds to the body armor market. Meanwhile, the explosive ordnance disposal equipment market is driven by the continued emergence of new global threats while duty gear is driven mainly by product use and replacement cycles.

Our management estimates the annual addressable market for soft body armor (including tactical soft armor) in 2020 to be approximately \$870 million. We also estimate explosive ordnance disposal equipment to have an addressable market of approximately \$245 million over the seven-to-ten year life cycle of the products’ installed base. Finally, the annual addressable market for holsters for the global law enforcement and military and consumer markets is estimated to be approximately \$380 million.

The international market is also poised for growth as foreign governments face increasingly complex safety challenges and seek to replace legacy equipment. Additionally, we foresee the demand for safety and survivability equipment from overseas markets to increase due to heightened awareness of the importance and effectiveness of such products and as countries are exposed to new threats. Our management estimates our addressable number of total law enforcement personnel outside the U.S. to be approximately 9,658,000, representing a substantial market opportunity.

Our management team believes that the safety and survivability equipment industry for first responders represents a stable and growing market with long-term opportunities. Given our strong market standing, direct connection to the end users, extensive distribution network, long history of innovations and high-quality standards, we believe we are well positioned to capitalize on the positive market dynamics.

### Competitive Strengths

*Leading, independent global provider of safety and survivability equipment for first responders.* Our history as a leading provider of high-quality safety and survivability equipment dates back to 1964. Our differentiated value proposition is built on superior quality combined with an unwavering focus on critical safety standards, making us the trusted brand name for first responders. Our extensive product breadth allows us to serve as a one-stop shop for our end users and their safety and survivability equipment needs.

*Strong market positions.* Based on data we collect related to end users and publicly available information on awarded contracts and purchases, we believe we have leading market positions across multiple product categories through superior quality and performance differentiating us from our competition. By way of reference, we sell either concealable tactical or hard armor to 34 of the top 50 police departments in the U.S. by size. Likewise, we sell our duty retention holsters to 48 of the top 50 police departments in the U.S. by size. Furthermore, we are a party to multi-year contracts for the largest bomb suit teams in the world including the U.S. Army, U.S. Marine Corps and U.S. Air Force. Our products continually exceed stringent industry safety standards and are recognized for advancements in performance through innovation and technological enhancement.



*Mission-critical products with recurring demand characteristics.* Our products provide critical protection to their end users as well as those around them, with limited or no room for error. As a result, stringent safety standards and customary warranty provisions create refresh cycles on over 80% of the equipment we supply to ensure efficient and effective performance at all times. Demand associated with these refresh cycles drives a highly predictable recurring revenue stream. The majority of our remaining revenue is associated consumable products driving recurring sales based on replenishment needs.

#### BODY ARMOR



#### EOD TOOLS & EQUIPMENT



#### DUTY GEAR



*Attractive macro-economic and secular tailwinds driving demand and visibility for our products.* The vast majority of our end markets are acyclical in nature as their demand is driven primarily by the first responder budgets and relatively unaffected by economic cycles. Our business has benefitted from key shifts serving as tailwinds to our growth strategy including the increasing focus on safety, replacement and modernization trends as well as demographic shifts and urbanization.

*Compelling organic and inorganic growth roadmap.* Leveraging our differentiated product development process and technical knowhow, leading domestic market position and first mover advantage with our suppliers, we plan to drive profitable organic revenue growth via new product development and geographic expansion. In particular, international expansion is an especially important initiative in our organic growth roadmap due to the significant market share opportunity and increasing investments in safety and survivability equipment in various key geographic markets. We expect to supplement our organic growth through a targeted M&A program spanning our existing core products and markets as well as attractive adjacencies.

*Attractive financial profile with strong EBITDA margins and free-cash-flow generation.* We generate strong profitability through diligent portfolio management of customers and contracts and continued focus on cost structure to drive operating leverage. Our strong profitability combined with minimal capital expenditure requirements result in high free-cash-flow generation, which is a key driver for our internal research and development initiatives and targeted M&A program. Our Adjusted EBITDA Conversion Rate is consistently greater than 90%.

*Tenured management with significant public company platforms.* Our management team is comprised of executive officers with extensive experience at public company platforms including Armor Holdings Inc., Danaher Corporation, General Electric Company and IDEX Corporation. Together they bring an established track record of strong performance operating and growing public companies both organically and via acquisitions. This experience has created a differentiated approach to our operating model through their expertise in building a culture of operational and cultural excellence, complexity reduction, and innovation.

*Long-term customer relationships across diverse end markets and geographies.* We maintain long-term relationships with over 23,000 first responders and federal agencies both domestically and internationally, with top customer relationships averaging an excess of 15 years. Our global presence spans over 104 countries across North America, Europe and other regions.

#### Growth Strategy

Our growth plan consists of a multi-pronged approach that includes driving profitable core revenue growth through new product introductions and international market expansion combined with targeted acquisitions, enhanced through our operating model.

*Profitable Core Revenue Growth.* We believe that our leading market positions across a range of core categories will continue to yield significant growth opportunities. Our management team is focused on

delivering new product launches, increasing customer wallet share, executing on key new contract opportunities and expanding our high-margin e-commerce and direct-to-consumer capabilities to continue to drive revenue growth. Examples of recent product innovation include the development of a 3D body sizing solution for soft armor, introduction of our next generation holsters, and working with key suppliers on the use of emerging materials for utilization in new armor products. We are also seeking to expand our leadership in high-growth technologies through the development of our blast sensor equipment for soldier protection. We believe this opportunity could represent a total potential addressable market opportunity of up to approximately \$500 million based on the total size of the U.S. Department of Defense branches ultimately participating in the program. The requirement for blast sensors and the potential market for all branches of the U.S. military is supported by the Blast Pressure Exposure Study Improvement Act which was signed into law as part of the National Defense Authorization Act for Fiscal Year 2020.

*International Market Expansion.* We are also committed to increasing our market share internationally. Given our leading domestic market position and our products' high-quality standards and performance, we believe we are well positioned to take advantage of the growth in international demand for safety and survivability equipment for first responders. We intend to penetrate certain international markets through leveraging existing relationships, building local market teams and expansion into relevant market adjacencies.

*Targeted M&A Program.* To supplement organic growth and internal research and development, our management team has historically undertaken a targeted M&A program, completing 12 transactions between 2012 and 2017. These strategic acquisitions have allowed us to expand our product and technology offerings, enter new markets and expand geographically to achieve attractive returns in our invested capital period.

We maintain a robust pipeline of opportunistic M&A opportunities, spanning our existing core products and markets as well as attractive adjacencies within the safety and survivability landscape. We plan to utilize our relatively high free-cash-flow generation and historical success in acquisitions to drive favorable acquisition structures and efficient integration. Our operating model, passion around connecting with customers and expansive channel help maximize the value created from our acquisitions.

*Continuous Margin Improvement Initiatives.* Our management team has shown a strong track record of achieving cost structure optimization to drive operating leverage, as evidenced by past years' margin improvements. Our operating model starts with complexity reduction then uses lean tools and methods to continuously improve operational and commercial processes. Strategic initiatives completed over the past few years include among others, rationalizing the Company's manufacturing footprint, divesting non-core activities, enhancing our supply-chain and optimizing customer relationships and key contracts. Together these activities have helped enhance the Company's manufacturing and sales operations, ultimately driving profitability growth.

#### **Risks Related to Our Business**

Investing in our common stock involves substantial risk. You should carefully consider all of the information in this prospectus prior to investing in our common stock. There are several risks related to our business that are described under the section titled "Risk Factors" elsewhere in this prospectus. Among these important risks are the following:

- The products we sell are inherently risky and could give rise to product liability, product warranty claims, and other loss contingencies.
- Our markets are highly competitive, and if we are unable to compete effectively, we will be adversely affected.
- Technological advances, the introduction of new products, and new design and manufacturing techniques could adversely affect our operations unless we are able to adapt to the resulting change in conditions.
- We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing capital stock that would dilute your ownership.
- We may be unsuccessful in our future acquisition endeavors, if any, which may have an adverse effect on our business; in addition, some of the businesses we acquire may incur significant losses from operations.
- Our business and growth may suffer if we are unable to attract and retain key officers or employees, including our Chief Executive Officer, Warren B. Kanders, as well as any loss of officers or employees due to illness or other events outside of our control.

- We are uncertain of our ability to manage our growth.
- We have significant payment obligations under the terms of our long-term debt, \$211.9 million of which was outstanding as of March 31, 2021.
- After the completion of this offering, Warren B. Kanders is expected to beneficially own approximately 51% of the voting power of our common stock. As such, the concentration of our capital stock ownership with insiders will likely limit your ability to influence corporate matters.

We are an emerging growth company as defined in Section 2(a)(19) of the Securities Act of 1933, as amended (the “Securities Act”), and Section 3(a)(80) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Pursuant to Section 102 of the Jumpstart Our Business Startups Act (the “JOBS Act”), we have provided reduced executive compensation disclosure and have omitted a compensation discussion and analysis from this prospectus. Pursuant to Section 107 of the JOBS Act, we have elected to take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards.

#### **Corporate Information**

Cadre Holdings, Inc. was incorporated in the State of Delaware on April 12, 2012.

Our principal executive offices are located at 13386 International Pkwy, Jacksonville, Florida 32218 and our telephone number is (904) 741-5400. Our website address is [www.cadre-holdings.com](http://www.cadre-holdings.com). The information on, or that may be accessed through, our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

Our principal material logos and trademarks include Safariland and Med-Eng, amongst others used for various niche product categories. Our logo and our other trade names, trademarks and service marks appearing in this prospectus are our property. Solely for convenience, our trademarks and trade names referred to in this prospectus appear without the <sup>TM</sup> or <sup>®</sup> symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor to these trademarks and trade names.

#### **Implications of Being an Emerging Growth Company and a Smaller Reporting Company**

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including, but not limited to, presenting only two years of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced “Management’s Discussion and Analysis of Financial Condition and Results of Operations” disclosure in this prospectus, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or golden parachute arrangements.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest of: (i) the last day of the fiscal year following the fifth anniversary of the consummation of this offering; (ii) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.07 billion; (iii) the last day of the fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded \$700.0 million as of

the last business day of the second fiscal quarter of such year; or (iv) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the prior three-year period.

We are also a “smaller reporting company” as defined in the Exchange Act. We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than \$250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than \$100.0 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than \$700.0 million measured on the last business day of our second fiscal quarter.

	THE OFFERING
Common stock offered by us	shares
Total shares of common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares from us in full).
Directed share program	The underwriters have reserved for sale, at the initial public offering price per share, up to shares of our common stock being offered for sale to business associates, directors, employees and friends and family members of our employees. The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase reserved shares. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares. If purchased by these persons, these shares will not be subject to a lock-up restriction, except in the case of shares purchased by any director or executive officer.
Use of proceeds	We expect our net proceeds from this offering will be \$ million (or \$ million if the underwriters exercise their option to purchase additional shares in full), based on an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds of this offering to reduce outstanding indebtedness as well as to provide capital for general corporate purposes. See “Use of Proceeds.”
Controlled company	After the completion of this offering, Warren B. Kanders will beneficially own approximately 51% (or approximately 49.5%, if the underwriters exercise in full their overallotment option) of the voting power of our common stock. However, we do not intend to avail ourselves of the controlled company exemption under the corporate governance standards of the NYSE.
Dividend policy	We have never declared or paid cash dividends on our common stock, however, we may determine to pay a dividend on our common stock in the foreseeable future. See “Dividend Policy.”
Proposed NYSE symbol	“CDRE”
Risk factors	Please read the section entitled “Risk Factors” beginning on page 11 for a discussion of some of the factors you should carefully consider before deciding to invest in our common stock.

## SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial and other data. We have derived the summary consolidated statements of operations data for the three months ended March 31, 2021 and 2020 and the summary consolidated balance sheet data as of March 31, 2021 from our unaudited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the years ended December 31, 2020 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial and other data should be read in conjunction with the section titled “Management’s Discussion and Analysis,” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

**Consolidated Statements of Operations Data:**

*(In thousands, except for share and per share amounts)*

	<b>Three months ended March 31,</b>		<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>		
Net sales	\$ 110,536	\$ 97,940	\$ 404,642	\$ 420,736
Cost of goods sold	66,577	58,838	251,704	274,699
<b>Gross profit</b>	<b>43,959</b>	<b>39,102</b>	<b>152,938</b>	<b>146,037</b>
Operating expenses				
Selling, general and administrative	28,051	27,050	106,627	124,270
Restructuring and transaction costs	321	1,334	5,822	918
Related party expense	153	162	1,635	1,096
Other general income	—	—	(10,950)	(7,630)
<b>Total operating expenses</b>	<b>28,525</b>	<b>28,546</b>	<b>103,134</b>	<b>118,654</b>
<b>Operating income</b>	<b>15,434</b>	<b>10,556</b>	<b>49,804</b>	<b>27,383</b>
Other income (expense)				
Interest expense	(5,044)	(6,669)	(24,388)	(29,848)
Loss on extinguishment of debt	—	—	(200)	—
Other (expense) income, net	(44)	680	2,659	395
<b>Total other expense, net</b>	<b>(5,088)</b>	<b>(5,989)</b>	<b>(21,929)</b>	<b>(29,453)</b>
Income (loss) before (provision) benefit for income taxes	10,346	4,567	27,875	(2,070)
(Provision) benefit for income taxes	(3,482)	(315)	10,578	142
<b>Net income (loss)</b>	<b>\$ 6,864</b>	<b>\$ 4,252</b>	<b>\$ 38,453</b>	<b>\$ (1,928)</b>
<b>Net income (loss) per share:</b>				
Basic	\$ 12.49	\$ 7.74	\$ 69.96	\$ (3.52)
Diluted	\$ 12.49	\$ 7.74	\$ 69.96	\$ (3.52)
<b>Weighted average shares outstanding:</b>				
Basic	549,667	549,667	549,667	548,042
Diluted	549,667	549,667	549,667	548,042

**Consolidated Statements of Cash Flows Data:***(In thousands)*

	<b>Three months ended March 31,</b>		<b>Year ended December 31,</b>	
	<b>2021</b> <b>(Unaudited)</b>	<b>2020</b> <b>(Unaudited)</b>	<b>2020</b>	<b>2019</b>
Cash flows provided by operating activities	\$ 16,832	\$ 14,878	\$ 45,419	\$ 7,414

**Consolidated Balance Sheet Data:***(In thousands)*

	<b>As of March 31, 2021</b> <b>(Unaudited)</b>
Cash and cash equivalents	\$ 17,440
Total assets	300,479
Total liabilities	284,480
Total shareholders' equity	15,999

**Non-GAAP and Other Financial Measures**

We review the following non-GAAP and other financial measures to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Increases or decreases in our non-GAAP and other financial measures may not correspond with increases or decreases in our revenue and our non-GAAP and other financial measures may be calculated in a manner different than non-GAAP and other financial measures used by other companies. For additional information regarding these measures, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures."

<i>(In thousands)</i>	<b>Three months ended March 31,</b>		<b>Year ended December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
EBITDA	\$ 18,929	\$ 15,086	\$66,996	\$43,221
Adjusted EBITDA	20,246	15,740	57,982	43,699
Capital expenditures	788	1,262	4,708	3,082
Adjusted EBITDA conversion rate	96%	92%	92%	93%

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. Before you invest in our common stock, you should carefully consider the following risks, together with all of the other information contained in this prospectus, including our financial statements and related notes. Any of the following risks could have a material adverse effect on our business, operating results, and financial condition and could cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment.*

### Risks Related to Our Industry

**The products we sell are inherently risky and could give rise to product liability, product warranty claims, and other loss contingencies.**

The products that we manufacture are typically used in applications and situations that involve high levels of risk of personal injury. Failure to use our products for their intended purposes, failure to use or care for them properly, or their malfunction, or, in some limited circumstances, even correct use of our products, could result in serious bodily injury or death. Given this potential risk of injury, proper maintenance of our products is critical. Our products include: body armor and plates designed to protect against ballistic and sharp instrument penetration; explosive ordnance disposal products; police duty gear; and crowd control products.

Claims have been made, and are pending against certain of our subsidiaries, involving permanent physical injury and death allegedly caused by our products or arising from the design, manufacture or sale of such goods. If these claims are decided against us and we are found to be liable, we may be required to pay substantial damages and our insurance costs may increase significantly as a result, which could have a material adverse effect on our business, financial condition and results of operations. Also, a significant or extended lawsuit, such as a class action, could divert significant amounts of management's time and attention.

We cannot assure you that our insurance coverage would be sufficient to cover the payment of any potential claim. In addition, we cannot assure you that this or any other insurance coverage will continue to be available or, if available, that we will be able to obtain it at a reasonable cost. Any material uninsured loss could have a material adverse effect on our business, financial condition and results of operations. In addition, the inability to obtain product liability coverage would prohibit us from bidding for orders from certain governmental customers because, at present, many bids from governmental entities require such coverage, and any such inability would have a material adverse effect on our business, financial condition, results of operations and liquidity.

Furthermore, while our products are rigorously tested for quality, our products nevertheless do, and may continue to, fail to meet customer expectations from time-to-time. Also, not all defects are immediately detectable. Failures could result from faulty design or problems in manufacturing. In either case, we could incur significant costs to repair and/or replace defective products under warranty. We have experienced such failures in the past, and remain exposed to such failures. In some cases, product redesigns and/or rework may be required to correct a defect, and such occurrences could adversely impact future business with affected customers. Our business, financial condition, results of operations and liquidity could be materially and adversely affected by any unexpected significant warranty costs.

**We are subject to extensive government regulations, and our failure or inability to comply with these regulations could materially restrict our operations and subject us to substantial penalties.**

We are subject to federal licensing requirements with respect to the export of certain of our products. In addition, we are obligated to comply with a variety of federal, state and local regulations, both domestically and abroad, governing certain aspects of our sales, operations and workplace, including regulations promulgated by, among others, the U.S. Departments of Commerce, Defense, Justice, Treasury, State and Transportation, the Federal Aviation Administration, the U.S. Environmental Protection Agency, the U.S. Bureau of Alcohol, Tobacco and Firearms, and the Equal Employment Opportunity Commission. The U.S. Bureau of Alcohol, Tobacco and Firearms also regulates our manufacturing and distribution of certain destructive devices, firearms, and explosives. We also ship hazardous goods, and in doing so, must comply with the regulations of the U.S. Department of Transportation for packaging and labeling. We are also



required to comply with Controlled Goods Directorate Registration regime in Canada for explosive ordnance disposal products. Additionally, the failure to obtain applicable governmental approval and clearances could materially adversely affect our ability to continue to service the government contracts we maintain. Exports of some of our products to certain international destinations may require export authorization from U.S. export control authorities, including the U.S. Departments of Commerce and State, and authorizations may be conditioned on re-export restrictions. Failure to receive these authorizations may materially adversely affect our revenues and in turn our business, financial condition, results of operations and liquidity from international sales. Furthermore, we have material contracts with governmental entities and are subject to rules, regulations and approvals applicable to government contractors. We are also subject to routine audits to assure our compliance with these requirements.

While we continually work to enhance our international trade compliance programs, we cannot assure you that we are or will be in full compliance at all times with applicable laws and regulations governing the export and deemed export of defense articles, defense services, and dual-use products and services that are controlled by U.S. and/or foreign governments. In those instances where we have identified non-compliances with applicable laws or regulations, we have taken affirmative steps to correct or mitigate such identified failures and to self-report them to the cognizant U.S. or foreign government agencies. We also import significant volumes of foreign-made components and materials for use in our manufacturing processes, which may be subject to import duties and other regulations. Violations of international trade (export/import) controls in the U.S. and elsewhere may result in severe criminal and/or civil penalties, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Like other companies operating internationally, we are subject to the U.S. Foreign Corrupt Practices Act and other laws that prohibit improper payments to foreign governments and their officials by U.S. and other business entities. We operate in countries known to experience endemic corruption. Our extensive operations in such countries create risk of an unauthorized payment by one of our employees or agents, which would be in violation of various laws including the Foreign Corrupt Practices Act. Violations of the Foreign Corrupt Practices Act may result in severe criminal penalties, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**We have significant international operations and assets and, therefore, are subject to additional financial and regulatory risks.**

We sell our products in foreign countries and seek to increase our level of international business activity. Our overseas operations are subject to various risks, including: U.S.-imposed embargoes and/or sanctions of sales to specific countries (which could prohibit sales of our products there); foreign import controls (which may be arbitrarily imposed and enforced and which could interrupt our supplies or prohibit customers from purchasing our products); exchange rate fluctuations; dividend remittance restrictions; expropriation of assets; war, civil uprisings and riots; government instability; the necessity of obtaining government approvals for both new and continuing operations; and legal systems of decrees, laws, taxes, regulations, interpretations and court decisions that are not always fully developed and that may be retroactively or arbitrarily applied.

One component of our strategy is to expand our operations into selected international markets. Military procurement, for example, has traditionally had a large international base. We actively market our products in Europe, North and South America, the Middle East, Africa, and Asia. However, we may be unable to execute our business model in these markets or new markets. Further, foreign providers of competing products and services may have a substantial advantage over us in attracting consumers and businesses in their countries due to earlier established businesses in those countries, greater knowledge with respect to the cultural differences of consumers and businesses residing in those countries and/or their focus on a single market. In pursuing our international expansion strategy, we face several additional risks, including:

- foreign laws and regulations, which may vary country by country, that may impact how we conduct our business;
- uncertain costs of doing business in foreign countries, including different employment laws;
- potential adverse tax consequences if taxing authorities in different jurisdictions worldwide disagree with our interpretation of various tax laws or our determinations as to the income and expenses attributable to specific jurisdictions, which could result in our paying additional taxes, interest and penalties;

- technological differences that vary by marketplace, which we may not be able to support;
- longer payment cycles and foreign currency fluctuations;
- economic downturns; and
- uncertainty of sustained revenue growth outside of the United States.

We may also be subject to unanticipated income taxes, excise duties, import taxes, export taxes or other governmental assessments. In addition, a percentage of the payments to us in our international markets are often in local currencies. Although most of these currencies are presently convertible into U.S. dollars, we cannot be sure that convertibility will continue. Even if currencies are convertible, the rate at which they convert is subject to substantial fluctuation. Our ability to transfer currencies into or out of local currencies may be restricted or limited. Any of these events could result in a loss of business or other unexpected costs, which could reduce revenue or profits and have a material adverse effect on our business, financial condition, results of operations and liquidity.

We routinely operate in areas where local government policies regarding foreign entities and the local tax and legal regimes are often uncertain, poorly administered and in a state of flux. We cannot, therefore, be certain that we are in compliance with, or will be protected by, all relevant local laws and taxes at any given point in time. A subsequent determination that we failed to comply with relevant local laws and taxes could have a material adverse effect on our business, financial condition, results of operations and liquidity. One or more of these factors could adversely affect our future international operations and, consequently, could have a material adverse effect on our business, financial condition, results of operation and liquidity.

#### **Risks Related to Our Business**

##### **Many of our customers have fluctuating budgets, which may cause substantial fluctuations in our results of operations.**

Customers for our products include domestic and international first responders such as state and local law enforcement, fire and rescue, explosive ordnance disposal technicians, emergency medical technicians, fishing and wildlife enforcement and departments of corrections, as well as federal agencies and numerous foreign government agencies. Government tax revenues and budgetary constraints, which fluctuate from time to time, can affect budgetary allocations for these customers. Many domestic and foreign government agencies have in the past experienced budget deficits that have led to decreased spending in defense, law enforcement and other military and security areas. In addition, first responder budgets have been the subject of increased discussions as a result of controversies relating to police reform. Our results of operations may be subject to substantial period-to-period fluctuations because of these and other factors affecting military, law enforcement and other governmental spending. A reduction of funding for state, local, municipal as well as federal and foreign governmental agencies could have a material adverse effect on sales of our products and our business, financial condition, results of operations and liquidity.

##### **Our markets are highly competitive, and if we are unable to compete effectively, we will be adversely affected.**

The markets in which we operate include a large number of competitors ranging from small businesses to multinational corporations and are highly competitive. Competitors who are larger, better financed and better known than we are may compete more effectively than we can. In order to stay competitive in our industry, we must keep pace with changing technologies and customer preferences. If we are unable to differentiate our services from those of our competitors, our revenues may decline. In addition, our competitors have established relationships among themselves or with third parties to increase their ability to address customer needs. As a result, new competitors or alliances amongst competitors may emerge and compete more effectively than we can. There is also a significant industry trend towards consolidation, which may result in the emergence of companies which are better able to compete against us. Any such development could have a material adverse effect on our business, financial condition, results of operations and liquidity.

##### **There are limited sources for some of our raw materials and components, which may significantly curtail our manufacturing operations.**

The raw materials and components that we use to manufacture our products, include SpectraShield®, a patented product of Honeywell, Inc.; Kevlar®, a patented product of E.I. du Pont de Nemours Co., Inc.;

Dyneema<sup>®</sup>, a patented product of Koninklijke DSM N.V.; and Twaron<sup>®</sup>, a patented product of Teijin Limited, amongst others, which we use in manufacturing ballistic resistant garments. We purchase the materials and components that we use in manufacturing ballistic resistant garments directly from these suppliers and also through five independent weaving companies. The supply of the materials and components that we use to manufacture our products may be constrained by a number of factors, including a supplier's need to prioritize the manufacture of rated orders issued under the Defense Production Act of 1950 (the "DPA"). We cannot predict when the United States government will invoke the DPA, and in the past we have faced shortages from our sources of materials and components when the DPA has been invoked, including shortages in the raw materials and components that we use in manufacturing ballistic resistant garments.

Should these materials or components become unavailable for any reason, we would not necessarily be able to replace them with materials or components of like weight and strength, as our ballistic resistant garments must be manufactured to specific standards using specific materials and components that are not necessarily interchangeable based on metrics such as weight and strength. When we have faced shortages in the past, we have been able to ameliorate the issue by obtaining substitutable alternative materials and components from other commercially available sources. However, the use of alternative materials and components in our ballistic resistant garments requires research and development, recertification as well as customer acceptance of the new products utilizing these alternative materials and components, and there is no guarantee that any such recertification or acceptance will be obtained by us. Thus, if our supply of any of these materials or components were materially reduced or cut off or if there were a material increase in the prices of these materials or components, our manufacturing operations could be adversely affected and our costs increased, and our business, financial condition, results of operations and liquidity could be materially adversely affected.

**Our resources may be insufficient to manage demand.**

As we expand our operations, any growth may place significant demands on our management, administrative, operating and financial resources. The growth of our customer base, the types of services and products offered and the geographic markets we serve place a significant strain on our resources. In addition, we cannot easily identify and hire personnel qualified both in the provision and marketing of our products and systems. Our future performance and profitability will depend in large part on our ability to attract and retain additional management and other key personnel; our ability to implement successful enhancements to our management, accounting and information technology systems; and our ability to adapt those systems, as necessary, to respond to any growth in our business.

**We are dependent on industry relationships.**

A number of our products are components in our customers' final products. Accordingly, to gain market acceptance, we must demonstrate that our products will provide advantages to the manufacturers of final products, including increasing the safety of their products, providing such manufacturers with competitive advantages or assisting such manufacturers in complying with existing or new government regulations affecting their products. There can be no assurance that our products will be able to achieve any of these advantages for the products of our customers. Furthermore, even if we are able to demonstrate such advantages, there can be no assurance that such manufacturers will elect to incorporate our products into their final products, or if they do, that our products will be able to meet such customers' manufacturing requirements. Additionally, there can be no assurance that our relationships with our manufacturer customers will ultimately lead to volume orders for our products. The failure of manufacturers to incorporate our products into their final products could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**We may be unable to protect our proprietary technology.**

We depend upon a variety of methods and techniques that we regard as proprietary trade secrets. We also depend upon a variety of trademarks, service marks and designs to promote brand name development and recognition. We rely on a combination of trade secret, copyright, patent, trademark, unfair competition and other intellectual property laws as well as contractual agreements to protect our rights to such

intellectual property. Due to the difficulty of monitoring unauthorized use of and access to intellectual property, however, such measures may not provide adequate protection. It is possible that our competitors may access our intellectual property and proprietary information and use it to their advantage. In addition, there can be no assurance that courts will always uphold our intellectual property rights, or enforce the contractual arrangements that we have entered into to protect our proprietary technology. Any unenforceability or misappropriation of our intellectual property could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Furthermore, we cannot assure you that any pending patent application or trademark application made by us will result in an issued patent or registered trademark, or that, if a patent is issued, it will provide meaningful protection against competitors or competitor technologies. In addition, if we bring or become subject to litigation to defend against claimed infringement of our rights or of the rights of others or to determine the scope and validity of our intellectual property rights, such litigation could result in substantial costs and diversion of our resources, which could have a material adverse effect on our business, financial condition, results of operations and liquidity. Unfavorable results in such litigation could also result in the loss or compromise of our proprietary rights, subject us to significant liabilities, require us to seek licenses from third parties on unfavorable terms, or prevent us from manufacturing or selling our products, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**Technological advances, the introduction of new products, and new design and manufacturing techniques could adversely affect our operations unless we are able to adapt to the resulting change in conditions.**

Our future success and competitive position depend to a significant extent upon our proprietary technology. We must make significant investments to continue to develop and refine our technologies. We will be required to expend substantial funds for and commit significant resources to research and development activities, the engagement of additional engineering and other technical personnel, the purchase of advanced design, production and test equipment, and the enhancement of design and manufacturing processes and techniques. Our future operating results will depend to a significant extent on our ability to continue to provide design and manufacturing services for new products that compare favorably on the basis of time to introduction, cost and performance with the design and manufacturing capabilities. The success of new design and manufacturing services depends on various factors, including utilization of advances in technology, innovative development of new solutions for customer products, efficient and cost-effective services, timely completion and delivery of new product solutions and market acceptance of customers' end products. Because of the complexity of our products, we may experience delays from time to time in completing the design and manufacture of new product solutions. In addition, there can be no assurance that any new product solutions will receive or maintain customer or market acceptance. If we are unable to design and manufacture solutions for new products of our customers on a timely and cost-effective basis, such inability could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**We may be adversely affected by applicable environmental, health and safety laws and regulations.**

We are subject to federal, state, local and foreign laws and regulations governing environment, health and safety ("EHS") matters, including those regulating discharges to the air and water, the management of wastes, the control of noise and odors, and the maintenance of a safe and healthy operating environment for our employees. We cannot assure you that we are at all times in complete compliance with all such requirements. Like all companies in our industry, we are subject to potentially significant fines or penalties if we fail to comply with various EHS requirements. Such requirements are complex, change frequently, and could become more stringent in the future. Accordingly, we cannot assure you whether these requirements will change in a manner requiring material capital or operating expenditures or will otherwise have a material adverse effect on us in the future. In addition, we are also subject to environmental laws requiring the investigation and clean-up of environmental contamination. We may be subject to liability, including liability for clean-up costs, if contamination is discovered at one of our current or former facilities, in some circumstances even if such contamination was caused by a third party such as a prior owner. We also may be subject to liability if contamination is discovered at a landfill or other location where we have disposed of wastes, notwithstanding that historic disposal practices may have been in accordance with all applicable requirements. We use Orthochlorobenzalmononitrile and Chloroacetophenone chemical agents in

connection with our production of our crowd control products, and these chemicals are hazardous and could cause environmental damage if not handled and disposed of properly. Moreover, private parties may bring claims against us based on alleged adverse health impacts or property damage caused by our operations. The amount of liability for cleaning up contamination or defending against private party claims could be material and have a material adverse effect on our business, financial condition, results of operations and liquidity.

**We may lose money or generate less than expected profits on our fixed-price contracts.**

Our direct government contracts are primarily fixed-price for a specified term. Under these contracts, we agree to perform a specific scope of work or deliver a certain quantity of end items for a fixed price. Typically, we assume more risk with fixed-price contracts since we are subject to rising labor costs and commodity price risk. Fixed-price contracts require us to price our contracts by forecasting our expenditures. When making proposals for fixed-price contracts, we rely on our estimates of costs and timing for completing these projects. These estimates reflect management's judgments regarding our capability to complete projects efficiently and timely. Our production costs may, however, exceed forecasts due to unanticipated delays or increased cost of materials, components, labor, capital equipment or other factors. Therefore, we may incur losses on fixed price contracts that we had expected to be profitable, or such contracts may be less profitable than expected, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

As it relates to our Products segment, fixed-price contracts represented less than 12% of annual net sales in 2020. For our Distribution segment, we estimate that fixed-price contracts represented approximately 55% of annual net sales in 2020.

**Our business is subject to various laws and regulations favoring the U.S. government's contractual position, and our failure to comply with such laws and regulations could harm our operating results and prospects.**

As a direct and indirect contractor to the U.S. government, which represents approximately 16% of our business in 2020, we must comply with laws and regulations relating to the formation, administration and performance of federal government contracts, which effect how we do business with our clients and may impose added costs on our business. These rules generally favor the U.S. government's contractual position. For example, these regulations and laws include provisions that subject contracts we have been awarded to:

- protest or challenge by unsuccessful bidders; and
- unilateral termination, reduction or modification by the government.

The accuracy and appropriateness of certain costs and expenses used to substantiate our direct and indirect costs for the U.S. government under both cost-plus and fixed-price contracts are subject to extensive regulation and audit by the Defense Contract Audit Agency, an arm of the U.S. Department of Defense. Responding to governmental audits, inquiries or investigations may involve significant expense and divert management's attention. Our failure to comply with these or other laws and regulations could result in contract termination, suspension or debarment from contracting with the federal government, civil fines and damages and criminal prosecution and penalties, any of which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**Our Chief Executive Officer has divided responsibilities and is not required to devote any specified amount of time to our business.**

Our Chief Executive Officer, Warren B. Kanders, is also the Executive Chairman of Clarus Corporation, which is in the business of designing, manufacturing, and marketing equipment for outdoor recreation activities. Our employment agreement with Mr. Kanders requires that he devote his time, attention, energy, knowledge, best professional efforts and skills to the duties assigned to him by us, but he is permitted to pursue other professional endeavors and investments that do not violate the terms of his employment agreement, including provisions relative to non-competition. Mr. Kanders' employment agreement does not require him to devote any specific amount of time to the Company. Accordingly, it is possible that

Mr. Kanders will fail to devote the necessary time to our Company which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**We may be subject to disruptions, failures or cyber-attacks in our information technology systems and network infrastructures that could have a material adverse effect on us.**

We maintain and rely extensively on information technology systems and network infrastructures for the effective operation of our business. Techniques used to gain unauthorized access to private networks are constantly evolving, and we may be unable to anticipate or prevent unauthorized access to data pertaining to our customers, including credit card and debit card information and other personally identifiable information. Like all Internet services, our direct-to-consumer service, which is supported by our own systems and those of third-party vendors, is vulnerable to computer viruses, Internet worms, break-ins, phishing attacks, attempts to overload servers with denial-of-service or other attacks and similar disruptions from unauthorized use of our and third-party vendor computer systems, any of which could lead to system interruptions, delays or shutdowns, causing loss of critical data or the unauthorized access to personally identifiable information. If an actual or perceived breach of our systems or a vendor's systems security occurs, we may face civil liability and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract customers, which could have a material adverse effect on our business. We also would be required to expend significant resources to mitigate the breach of security and to address related matters.

Further, a disruption, infiltration or failure of our information technology systems or any of our data centers including the systems and data centers of our third-party vendors as a result of software or hardware malfunctions, computer viruses, cyber-attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security and loss of critical data, which in turn could materially adversely affect our business. In addition, our ability to integrate, expand, and update our information technology infrastructure is important for our contemplated growth, and any failure to do so could have an adverse effect on our business.

We cannot fully control the actions of third parties who may have access to the customer data we collect and the customer data collected by our third party vendors. We may be unable to monitor or control such third parties and the third parties having access to our other websites in their compliance with the terms of our privacy policies, terms of use, and other applicable contracts, and we may be unable to prevent unauthorized access to, or use or disclosure of, customer information. Any such misuse could hinder or prevent our efforts with respect to growth opportunities and could expose us to liability or otherwise adversely affect our business. In addition, these third parties may become the victim of security breaches or have practices that may result in a breach, and we could be responsible for those third-party acts or failures to act.

Any failure, or perceived failure, by us or the prior owners of acquired businesses to maintain the security of data relating to our customers and employees, to comply with our posted privacy policies, our predecessors' posted policies, laws and regulations, rules of self-regulatory organizations, or industry standards and contractual provisions to which we or they may be bound, could result in the loss of confidence in us, or result in actions against us by governmental entities or others, all of which could result in litigation and financial losses, and could potentially cause us to lose customers, revenue and employees.

**Misuse of our products may adversely affect the Company's reputation.**

The target end users of the products that we sell, which include firearms, ammunition and body armor, are licensed professionals that include state and local law enforcement, federal agencies, foreign police, military agencies as well as private security firms. However, if any misuse of our products were to occur, the Company's reputation could be harmed. The occurrence of any misuse of our products could seriously damage our reputation and the image of our brands or cause our customers to consider alternatives to the Company's products, which could have a material adverse effect on our business, financial condition, results of operations and liquidity.

**Adverse publicity about the Company and/or its brands, including without limitation, through social media or in connection with brand damaging events and/or public perception, could negatively impact our business.**

Negative claims or publicity involving us, our board of directors, our brands, our products, services and experiences, consumer data, or any of our key employees, or suppliers could seriously damage our reputation and the image of our brands, regardless of whether such claims are accurate.

Social media, which accelerates and potentially amplifies the scope of negative publicity, can increase the challenges of responding to negative claims. Negative attention or scrutiny on the various products sold by our brands can also possibly result in negative publicity. For example, heightened governmental scrutiny of the safety of crowd control products has resulted in requests by two subcommittees of the U.S. House Committee on Oversight and Reform for information from major U.S. manufacturers, including us, relating to the production, sale, safety, and regulation of crowd control products. Congressional scrutiny and other similar inquiries by governmental bodies may damage our reputation and may also result in potential legislation designed to regulate the various products sold by our brands. See “Business — Government Regulation” and “Business — Legal Proceedings”.

Adverse publicity could also damage our reputation and the image of our brands, undermine consumer confidence in us and reduce long-term demand for our products, even if such adverse publicity is unfounded or not material to our operations. If the reputation, culture or image of any of our brands is tarnished or receives negative publicity, then our business, financial condition, results of operations and liquidity could be materially adversely affected.

**The terms of our outstanding long-term debt and any requirements to incur further indebtedness or refinance our outstanding indebtedness in the future could have a material adverse effect on our business and results of operations.**

Our significant payment obligations under the terms of our long-term debt, \$211.9 million of which was outstanding as of March 31, 2021, together with any additional indebtedness we may incur in the future, could adversely affect our business, financial condition, results of operations and prospects. For example, our indebtedness or any additional financing may:

- make it more difficult for us to pay or refinance debts as they become due;
- require us to use a larger portion of cash flow for debt service, reducing funds available for other purposes;
- limit our ability to pursue business opportunities, such as potential acquisitions, and to react to changes in market or industry conditions;
- reduce the funds available for other purposes, such as implementing our strategy, funding capital expenditures and making distributions to stockholders;
- increase our vulnerability to adverse economic, industry or competitive developments;
- affect our ability to obtain additional financing;
- decrease our profitability or cash flow, or require us to dispose of significant assets in order to satisfy debts and other obligations if we are not able to satisfy these obligations using cash from operations or other sources; and
- disadvantage us compared to competitors.

Any of the foregoing, alone or in combination, could have a material adverse effect on our business, financial condition, results of operations and prospects. A breach of, or the inability to comply with, the covenants in our term loan facility and revolving credit agreement could result in an event of default, in which case the lenders will have the right to declare all borrowings to be immediately due and payable, which would have a material adverse effect on our business, financial condition, results of operations and prospects and could lead to foreclosure on our assets

In the future, we may need to refinance our indebtedness. However, additional financing may not be available on favorable commercial terms to us, or at all. If, at such time, market conditions are materially different or our credit profile has deteriorated, the cost of refinancing such debt may be significantly higher than our indebtedness existing at that time. Furthermore, we may not be able to procure refinancing at all. Any failure to meet any future debt service obligations through use of cash flow, refinancing or otherwise, could have a material adverse effect on our business, financial condition, results of operations and prospects.

**Risks Related to our Acquisition Strategy**

**A number of other companies are seeking to make acquisitions in our industry, which may make our acquisition strategy more difficult or expensive to pursue.**

We compete with many other companies, and certain of them have greater financial resources than we do for pursuing and consummating acquisitions and to further develop and integrate acquired businesses. Our



strategy of growing through the acquisition of businesses and assets relies on our ability to consummate acquisitions to develop and offer new products that foster the growth of our core business, and to establish ourselves in other geographic regions and related businesses in which we do not currently operate. Increased competition for acquisition opportunities may impede our ability to acquire these companies because they choose another acquirer. It could also increase the price that we must pay for these companies. Either of these outcomes could reduce our growth, harm our business and adversely impact our ability to consummate acquisitions.

**We may be unsuccessful in identifying suitable acquisition candidates, which may negatively impact our competitive position and our growth strategy.**

In addition to organic growth, our future growth will be driven by our selective acquisition of additional businesses, our competitors and complementary businesses. Our growth through acquisitions, to date, has consisted of 12 acquisitions and two divestitures and we are in discussions to acquire additional businesses including our planned acquisitions. We may be unable to identify other suitable targets for future acquisition or acquire businesses at favorable prices, which would negatively impact our growth strategy. We may not be able to execute our growth strategy through organic expansion, and if we are unable to identify and successfully acquire new businesses complementary to ours, we may not be able to offer new products in line with industry trends.

**The due diligence process that we undertake in connection with acquisitions may not reveal all facts that may be relevant in connection with an investment.**

Before making acquisitions and other investments, we conduct due diligence of the target company that we deem reasonable and appropriate based on the facts and circumstances applicable to each acquisition. The objective of the due diligence process is to assess the investment opportunities based on the facts and circumstances surrounding an investment or acquisition. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. The due diligence process may at times be subjective with respect to newly-organized companies for which only limited information is available. Accordingly, we cannot be certain that the due diligence investigation that we conduct with respect to any investment or acquisition opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. For example, instances of fraud, accounting irregularities and other deceptive practices can be difficult to detect. Executive officers, directors and employees may be named as defendants in litigation involving a company we are acquiring or have acquired. Even if we conduct extensive due diligence on a particular investment or acquisition, we may fail to uncover all material issues relating to such investment, including regarding the controls and procedures of a particular target or the full scope of its contractual arrangements. We rely on our due diligence to identify potential liabilities in the businesses we acquire, including such things as potential or actual lawsuits, contractual obligations or liabilities imposed by government regulation. However, our due diligence process may not uncover these liabilities, and where we identify a potential liability, we may incorrectly believe that we can consummate the acquisition without subjecting ourselves to that liability. If our due diligence fails to identify issues specific to an investment or acquisition, we may obtain a lower return from that transaction than the investment would return or otherwise subject ourselves to unexpected liabilities. We may also be forced to write-down or write-off assets, restructure our operations or incur impairment or other charges that could result in our reporting losses. Charges of this nature could contribute to negative market perceptions about us or our shares of common stock.

**We may face difficulty in integrating the operations of the businesses we have acquired and may acquire in the future.**

Acquisitions have been and will continue to be an important component of our growth strategy; however, we will need to integrate these acquired businesses successfully in order for our growth strategy to succeed and for our Company to become profitable. We will implement, and the management teams of the acquired businesses will adopt, our policies, procedures and best practices. We may face difficulty with the integration of the businesses we acquire, such as coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. Furthermore, we may fail in implementing our policies and procedures, or the policies and procedures may



not be effective or provide the results we anticipate for a particular business. Further, we will be relying on these policies and procedures in preparing our financial and other reports as a public company, so any failure of acquired businesses to properly adopt these policies and procedures could impair our public reporting. Management of the businesses we acquire may not have the operational or business expertise that we require to successfully implement our policies, procedures and best practices.

**We typically retain the management of the businesses we acquire and rely on them to continue running their businesses, which leaves us vulnerable in the event they leave our Company.**

We seek to acquire businesses that have strong management teams that will continue to run the business after the acquisition. We often rely on these individuals to conduct the day-to-day operations, and pursue the growth, of these acquired businesses. Although we typically seek to sign employment agreements with the managers of acquired businesses, it remains possible that these individuals will leave our organization. This would harm the prospects of the businesses they manage, potentially causing us to lose money on our investment and harming our growth and financial results.

#### **Risks Related to this Offering and Ownership of our Common Stock**

**We will be a “controlled company” within the meaning of the rules of the NYSE and the rules of the SEC and, as a result, qualify for, but do not intend to rely on, exemptions from certain corporate governance requirements.**

After completion of this offering and the application of net proceeds therefrom, Warren B. Kanders will beneficially own approximately 51% of the voting power of common stock (or approximately 49.5% if the underwriters exercise in full their over-allotment option). As a result, we will be a “controlled company” within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirement that:

- a majority of our board of directors consists of “independent directors” as defined under the rules of the NYSE;
- our director nominees be selected, or recommended for our board of directors’ selection, by a nominating/corporate governance committee comprised solely of independent directors; and
- the compensation of our executive officers be determined, or recommended to our board of directors for determination, by a compensation committee comprised solely of independent directors.

If the Company were to rely on the foregoing exemptions, we may not have a majority of independent directors, and our compensation committee and nominating/corporate governance committee may not consist entirely of independent directors, and therefore you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. However, following this offering, we do not intend to utilize any of the foregoing corporate governance exemptions.

**There has been no prior market for our common stock. An active market may not develop or be sustainable, and investors may not be able to resell their shares at or above the initial public offering price.**

There has been no public market for our common stock prior to this offering. The initial public offering price for our common stock will be determined through negotiations between the representatives of the underwriters and us, and may vary from the market price of our common stock following the completion of this offering. An active or liquid market in our common stock may not develop upon completion of this offering or, if it does develop, it may not be sustainable. In the absence of an active trading market for our common stock, you may not be able to resell those shares at or above the initial public offering price or at all. We cannot predict the prices at which our common stock will trade.

**After this offering, our executive officers, directors and principal stockholders, if they choose to act together, will continue to have the ability to control all matters submitted to stockholders for approval.**

Upon the closing of this offering, our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock before this offering and their respective affiliates will, in the

aggregate, hold shares representing approximately % of our outstanding voting stock, not reflecting any shares that may be purchased by them in this offering. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of ownership control may:

- delay, defer or prevent a change in control;
- entrench our management and the board of directors; or
- impede a merger, consolidation, takeover or other business combination involving us that other stockholders may desire.

**If you purchase shares of common stock in this offering, you will suffer immediate dilution of your investment.**

The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of our common stock. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book value per share after this offering. To the extent shares subsequently are issued under outstanding stock options, you will incur further dilution. Based on an assumed initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, you will experience immediate dilution of \$ per share, representing the difference between our pro forma net tangible book value per share, after giving effect to this offering, and the assumed initial public offering price. In addition, purchasers of common stock in this offering will have contributed approximately % of the aggregate price paid by all purchasers of our stock but will own only approximately % of our common stock outstanding after this offering.

**An active trading market for our common stock may not develop.**

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock will be determined through negotiations with the underwriters. Although we have applied to have our common stock approved for listing on NYSE, an active trading market for our shares may never develop or be sustained following this offering. If an active market for our common stock does not develop, it may be difficult for you to sell shares you purchase in this offering without depressing the market price for the shares or at all.

Certain of our existing stockholders and their affiliated entities, including and affiliates of , have indicated an interest to purchase up to \$ million in shares of our common stock in this offering at the initial public offering price. To the extent these existing stockholders are allocated and purchase shares in this offering, such purchases may reduce the available public float for our shares because these stockholders will be restricted from selling the shares by restrictions under applicable securities laws and contractual agreements described in the “Shares Eligible for Future Sale” section of this prospectus. As a result, the liquidity of our common stock could be significantly reduced from what it would have been if these shares had been purchased by investors that were not affiliated with us.

**Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors purchasing shares in this offering.**

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates or ratings by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, operating results or capital commitments;

- changes in operating performance and stock market valuations of other technology or retail companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- lawsuits threatened or filed against us;
- changes in laws or regulations applicable to our business;
- the expiration of contractual lock-up agreements;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States and abroad;
- other events or factors, including those resulting from war, pandemics, incidents of terrorism or responses to these events; and
- the other factors described in the sections of the prospectus titled “Risk Factors” and “Special Note Regarding Forward-Looking Statements.”

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies, including e-commerce companies. Stock prices of many technology companies, including e-commerce companies, have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business and materially adversely affect our business, financial condition and operating results.

**Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.**

Sales of a substantial number of shares of our common stock in the public market following the completion of this offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock.

All of our executive officers, directors, holders of substantially all of our outstanding capital stock and substantially all of our stock options and restricted stock units are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus. Subject to certain exceptions, the lock-up agreements limit the number of shares of capital stock that may be sold immediately following this initial public offering. Subject to certain limitations, as of \_\_\_\_\_, 2021, approximately \_\_\_\_\_ shares of common stock will become eligible for sale upon expiration of the 180-day lock-up period. The representatives of the underwriters may, in their sole discretion, permit our stockholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

**If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.**

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

**We may invest or spend the proceeds of this offering in ways with which you may not agree or in ways that may not yield a return.**

We currently intend to use the net proceeds to us from this offering primarily to reduce outstanding indebtedness as well as to provide capital for general corporate purposes. We may also use a portion of the net proceeds from this offering for the acquisition of, or investment in, technologies, solutions or businesses that complement our business. Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. The net proceeds may be used for purposes that do not increase the value of our business or increase the risks to you, which could cause the price of our stock to decline. Until net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

**We are an emerging growth company and a smaller reporting company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies and smaller reporting companies could make our common stock less attractive to investors.**

We are an “emerging growth company,” as defined in the JOBS Act, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of this offering. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than \$1.07 billion in annual revenue;
- the date we qualify as a “large accelerated filer,” with at least \$700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than \$1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary of the completion of this offering.

We cannot predict if investors will find our common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

We are also a “smaller reporting company” as defined in the Exchange Act. We may continue to be a smaller reporting company even after we are no longer an emerging growth company. We may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as our voting and non-voting common stock held by non-affiliates is less than \$250.0 million measured on the last business day of our second fiscal quarter, or our annual revenue is less than \$100.0 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is less than \$700.0 million measured on the last business day of our second fiscal quarter.

**The requirements of being a public company may strain our resources, divert management’s attention and affect our ability to attract and retain additional executive management and qualified board members.**

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an “emerging growth company.” The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management’s attention may be diverted from other business concerns, which could materially adversely affect our business and results of operations. We will need to hire additional employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be materially adversely affected.

We also expect that being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be materially adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and materially adversely affect our business, financial condition and operating results.

**Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock, which may also have the consequence of depressing the market price of our common stock.**

Our status as a Delaware corporation and the anti-takeover provisions of Delaware law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- permitting the board of directors, and not stockholders, to establish the number of directors and fill any vacancies and newly created directorships;

- authorizing the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- restricting the forum for certain litigation against us to Delaware;
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings;
- preventing stockholders from taking any action except at a formal meeting of stockholders;
- requiring certain amendments to our amended and restated certificate of incorporation to be approved by the holders of at least 66 2/3% of our then-outstanding common stock; and/or
- requiring that any special meeting of our stockholders will only be able to be called by a majority of our board of directors, the chairperson of our board of directors, our Chief Executive Officer, or our President.

These provisions, alone or together, may (a) frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to select or replace members of our board of directors, which is responsible for appointing the members of our management; (b) discourage, delay, or prevent a transaction involving a change in control of our Company, and/or (c) discourage proxy contests, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the market price of our common stock.

**Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.**

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware (or other state courts of the State of Delaware if the Court of Chancery in the State of Delaware does not have jurisdiction or the federal district court for the District of Delaware if no state court in the State of Delaware has jurisdiction) is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine or any action asserting an “internal corporate claim” as that term is defined in Section 115 of the Delaware General Corporation Law. Our amended and restated bylaws provide that this choice of forum does not apply to any complaint asserting a cause of action under the Securities Act or the Exchange Act. Finally, our amended and restated bylaws provide that the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders cannot waive our compliance with federal securities laws and the rules and regulations thereunder.

Our amended and restated bylaws provide that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

**Because we may not pay cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.**

We have never declared or paid cash dividends on our capital stock. We currently are contemplating paying cash dividends but we may elect to retain all of our future earnings, if any, to finance the growth and development of our business. Our ability to pay cash dividends may be limited by the terms of our existing credit facility. Any future debt agreements may also preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock may be your sole source of gain for the foreseeable future.

**We could be subject to securities class action litigation.**

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

**Our amended and restated certificate of incorporation authorizes the issuance of shares of blank check preferred stock.**

Our amended and restated certificate of incorporation provides that our board of directors will be authorized to issue from time to time, without further stockholder approval, up to 10,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of any series. Such shares of preferred stock could have preferences over our common stock with respect to dividends and liquidation rights. We may issue additional preferred stock in ways which may delay, defer or prevent a change in control of us without further action by our stockholders. Such shares of preferred stock may be issued with voting rights that may adversely affect the voting power of the holders of our common stock by increasing the number of outstanding shares having voting rights, and by the creation of class or series voting rights.

**We may issue a substantial amount of our common stock in connection with future acquisitions, and the sale of those shares could adversely affect our stock price.**

As part of our acquisition strategy, we anticipate issuing additional shares of common stock as consideration for such acquisitions. To the extent that we are able to grow through acquisitions and issue shares of our common stock as consideration, the number of outstanding shares of common stock that will be eligible for sale in the future is likely to increase substantially. Persons receiving shares of our common stock in connection with these acquisitions may be more likely to sell large quantities of their common stock, which may influence the price of our common stock. In addition, the potential issuance of additional shares in connection with anticipated acquisitions could lessen demand for our common stock and result in a lower price than would otherwise be obtained.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “might,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- the availability of capital to satisfy our working capital requirements;
- anticipated trends and challenges in our business and the markets in which we operate;
- our ability to anticipate market needs or develop new or enhanced products to meet those needs;
- our expectations regarding market acceptance of our products;
- the success of competing products by others that are or become available in the market in which we sell our products;
- the impact of adverse publicity about the Company and/or its brands, including without limitation, through social media or in connection with brand damaging events and/or public perception;
- changes in political, economic or regulatory conditions generally and in the markets in which we operate;
- our ability to maintain or broaden our business relationships and develop new relationships with strategic alliances, suppliers, customers, distributors or otherwise;
- our ability to retain and attract senior management and other key employees;
- our ability to quickly and effectively respond to new technological developments;
- the effect of the COVID-19 pandemic on the Company’s business;
- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors;
- the ability of our information technology systems or information security systems to operate effectively, including as a result of security breaches, viruses, hackers, malware, natural disasters, vendor business interruptions or other causes;
- our ability to properly maintain, protect, repair or upgrade our information technology systems or information security systems, or problems with our transitioning to upgraded or replacement systems;
- our ability to protect our trade secrets or other proprietary rights and operate without infringing upon the proprietary rights of others and prevent others from infringing on the proprietary rights of the Company; and
- other risks and uncertainties set forth in the section entitled “Risk Factors” beginning on page [11](#) of this prospectus and any accompanying prospectus supplement, which is incorporated herein by reference.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The “Risk Factors” section of this prospectus sets forth detailed risks, uncertainties and cautionary statements regarding our business and these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing regulatory environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the U.S., we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or other investments or strategic transactions we may engage in.



#### INDUSTRY AND MARKET DATA

This prospectus contains statistical data, estimates, and forecasts that are based on independent industry publications, or other publicly available information, as well as other information based on our internal sources. Although we believe that the third-party sources referred to in this prospectus are reliable, neither we nor the underwriters have independently verified the information provided by these third parties. While we are not aware of any misstatements regarding any third-party information presented in this prospectus, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed under the section titled “Risk Factors” and elsewhere in this prospectus.

**USE OF PROCEEDS**

We estimate that the net proceeds to us from the sale of our common stock in this offering will be \$            million, based on an assumed initial public offering price of \$            per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses. Our net proceeds will increase by approximately \$            million if the underwriters' option to purchase additional shares is exercised in full.

Each \$1.00 increase or decrease in the assumed initial public offering price of \$            per share would increase or decrease the net proceeds that we receive from this offering by \$            million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions. Similarly, each increase or decrease of one million shares in the number of shares of common stock offered by us would increase or decrease the net proceeds that we receive from this offering by \$            million, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions.

We intend to use the net proceeds of this offering to reduce outstanding indebtedness as well as to provide capital for general corporate purposes. For a description of our outstanding indebtedness please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt."

#### **DIVIDEND POLICY**

We have never declared or paid cash dividends on our common stock, however, we may determine to pay a dividend on our common stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors and will be dependent on a number of factors, including our earnings, capital requirements, our overall financial condition and other factors that our board of directors considers relevant.

## CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of March 31, 2021. Such information is set forth on the following basis:

- an actual basis;
- an as adjusted basis, giving effect to the filing of our amended and restated certificate of incorporation and the sale of the shares in this offering at the assumed initial public offering price of \$ \_\_\_\_\_ per share, after deducting underwriting discounts and commissions and other estimated offering expenses payable by us and excluding any exercise of the underwriters' over-allotment option, and giving effect to the repayment of a portion of our indebtedness with the net proceeds of this offering as described in "Use of Proceeds."

The as adjusted information below is illustrative only and our capitalization following the completion of this offering will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited consolidated financial statements and the related notes appearing elsewhere in this prospectus.

	As of March 31, 2021 <sup>(1)</sup>	
	Actual (Unaudited)	As Adjusted <sup>(2)</sup>
<i>(In thousands)</i>		
Cash and cash equivalents	\$ 17,440	
Debt:		
Current portion of long-term debt	\$ 2,579	
Long-term debt	209,342	
Total debt	211,921	
Preferred Stock, par value \$0.01 per share, 10,000 shares authorized, no shares issued and outstanding actual; \$0.0001 par value per share, 10,000,000 shares authorized, no shares issued and outstanding as adjusted	—	
Shareholders' equity:		
Common Stock, \$0.01 par value per share, 990,000 shares authorized, 549,667 shares issued and outstanding actual; \$0.0001 par value per share 190,000,000 shares authorized, _____ shares issued and outstanding as adjusted	5	
Additional paid-in capital	48,668	
Accumulated other comprehensive loss	(2,576)	
Accumulated (deficit)	(30,098)	
Total shareholders' equity	15,999	
Capitalization	\$ 227,920	

- (1) The number of shares of common stock outstanding is based on 549,667 shares of common stock issued and outstanding as of March 31, 2021 and assumes no exercise of the underwriters' over-allotment option.
- (2) A \$ \_\_\_\_\_ increase or decrease in the initial assumed public offering price per share would increase or decrease our as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ \_\_\_\_\_ million assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts, commissions and estimated offering expenses payable by us.

## DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering. Net tangible book value dilution per share to new investors represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the pro forma as adjusted net tangible book value per share of common stock immediately after the completion of this offering.

Net tangible book value per share is determined by dividing our total tangible assets less our total liabilities by the number of shares of common stock outstanding. Our historical net tangible book value as of March 31, 2021 was \$185,190,000, or \$336.91 per share. Our historical net tangible book value excludes \$ million of goodwill and intangible assets and \$ million of deferred offering costs. Our pro forma net tangible book value as of was \$ , or \$ per share, based on the total number of shares of our common stock outstanding as of March 31, 2021.

After giving effect to the sale by us of shares of common stock in this offering at an assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2021 would have been \$ million, or \$ per share. This amount represents an immediate increase in pro forma net tangible book value of \$ per share to our existing stockholders and an immediate dilution in pro forma net tangible book value of approximately \$ per share to new investors purchasing shares of common stock in this offering at the assumed initial public offering price. The following table illustrates this dilution:

The following table illustrates this dilution on a per share basis to new investors:

Assumed public offering price per share	\$
Net tangible book value per share as of March 31, 2021	\$ 336.91
Increase in net tangible book value per share attributable to this offering	\$
As adjusted net tangible book value per share after giving effect to this offering	\$
Dilution in net tangible book value per share to purchasers in this offering	\$

Each \$ increase or decrease in the assumed initial public offering price of \$ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our pro forma adjusted net tangible book value per share to new investors by \$ and would increase or decrease, as applicable, dilution per share to new investors in this offering by \$ , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions.

If the underwriters exercise their option to purchase additional shares from us in full, the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering would be \$ per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be \$ per share.

The following table summarizes, as of March 31, 2021, on a pro forma basis as described above, the total number of shares of common stock owned by existing stockholders and to be owned by new investors in this offering, the total consideration paid, and the average price per share paid by our existing stockholders and to be paid by new investors in this offering at the assumed initial public offering price of \$ per share, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	\$	%	\$
Investors in the offering		%		%	
Total		100%	\$	100%	\$

If the underwriters exercise their option to purchase additional shares in full, our existing stockholders would own %, and the investors purchasing shares of our common stock in this offering would own % of the total number of shares of our common stock outstanding immediately after completion of this offering.

## SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial and other data. We have derived the summary consolidated statements of operations data for the three months ended March 31, 2021 and 2020 and the summary consolidated balance sheet data as of March 31, 2021 from our unaudited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the years ended December 31, 2020 and 2019 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial and other data should be read in conjunction with the section titled “Management’s Discussion and Analysis,” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

**Consolidated Statements of Operations Data:**

(In thousands, except for share and per share amounts)

	Three months ended March 31,		Year ended December 31,	
	2021 (Unaudited)	2020 (Unaudited)	2020	2019
Net sales	\$ 110,536	\$ 97,940	\$404,642	\$420,736
Cost of goods sold	66,577	58,838	251,704	274,699
<b>Gross profit</b>	<b>43,959</b>	<b>39,102</b>	<b>152,938</b>	<b>146,037</b>
Operating expenses				
Selling, general and administrative	28,051	27,050	106,627	124,270
Restructuring and transaction costs	321	1,334	5,822	918
Related party expense	153	162	1,635	1,096
Other general income	—	—	(10,950)	(7,630)
<b>Total operating expenses</b>	<b>28,525</b>	<b>28,546</b>	<b>103,134</b>	<b>118,654</b>
<b>Operating income</b>	<b>15,434</b>	<b>10,556</b>	<b>49,804</b>	<b>27,383</b>
Other income (expense)				
Interest expense	(5,044)	(6,669)	(24,388)	(29,848)
Loss on extinguishment of debt	—	—	(200)	—
Other (expense) income, net	(44)	680	2,659	395
<b>Total other expense, net</b>	<b>(5,088)</b>	<b>(5,989)</b>	<b>(21,929)</b>	<b>(29,453)</b>
Income (loss) before (provision) benefit for income taxes	10,346	4,567	27,875	(2,070)
(Provision) benefit for income taxes	(3,482)	(315)	10,578	142
<b>Net income (loss)</b>	<b>\$ 6,864</b>	<b>\$ 4,252</b>	<b>\$ 38,453</b>	<b>\$ (1,928)</b>
<b>Net income (loss) per share:</b>				
Basic	\$ 12.49	\$ 7.74	\$ 69.96	\$ (3.52)
Diluted	\$ 12.49	\$ 7.74	\$ 69.96	\$ (3.52)
<b>Weighted average shares outstanding:</b>				
Basic	549,667	549,667	549,667	548,042
Diluted	549,667	549,667	549,667	548,042

**Consolidated Statements of Cash Flows Data:**

	Three months ended March 31,		Year ended December 31,	
	2021	2020	2020	2019
	(Unaudited)	(Unaudited)		
Cash flows provided by operating activities	\$ 16,832	\$ 14,878	\$45,419	\$7,414

**Consolidated Balance Sheet Data:***(In thousands)*

	As of March 31, 2021 (Unaudited)
Cash and cash equivalents	\$ 17,440
Total assets	300,479
Total liabilities	284,480
Total shareholders' equity	15,999

**Non-GAAP and Other Financial Measures**

We review the following non-GAAP and other financial measures to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Increases or decreases in our non-GAAP and other financial measures may not correspond with increases or decreases in our revenue and our non-GAAP and other financial measures may be calculated in a manner different than non-GAAP and other financial measures used by other companies. For additional information regarding these measures, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures."



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of the financial condition and results of operations of Cadre Holdings, Inc. (D/B/A The Safariland Group) ("Cadre," "the Company" "we," "us" and "our") should be read together with our unaudited consolidated financial statements as of and for the three months ended March 31, 2021 and 2020 and our audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019 in each case together with related notes thereto, included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of Cadre's control. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections entitled "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this prospectus. Certain total amounts may not foot due to rounding.*

### Our Business

Cadre is a global leader in the manufacturing and distribution of safety and survivability equipment for first responders. Our equipment provides critical protection to allow its users to safely and securely perform their duties and protect those around them in hazardous or life-threatening situations. Through our dedication to superior quality, we establish a direct covenant with end users that our products will perform and keep them safe when they are most needed. We sell a wide range of products including body armor, explosive ordnance disposal equipment and duty gear through both direct and indirect channels. In addition, through our owned distribution, we serve as a one-stop shop for first responders providing equipment we manufacture as well as third-party products including uniforms, optics, boots, firearms and ammunition. The majority of our diversified product offering is governed by rigorous safety standards and regulations. Demand for our products is driven by technological advancement as well as recurring modernization and replacement cycles for the equipment to maintain its efficiency, effective performance and regulatory compliance.

We service the ever-changing needs of our end users by investing in research and development for new product innovation and technical advancements that continually raise the standards for safety and survivability equipment in the first responder market. Our target end user base includes domestic and international first responders such as state and local law enforcement, fire and rescue, explosive ordnance disposal technicians, emergency medical technicians ("EMT"), fishing and wildlife enforcement and departments of corrections, as well as federal agencies including the U.S. Department of State ("DoS"), U.S. Department of Defense ("DoD"), U.S. Department of Interior ("DoI"), U.S. Department of Justice ("DoJ"), U.S. Department of Homeland Security ("DHS"), U.S. Department of Corrections ("DoC") and numerous foreign government agencies in over 104 countries.

The following table sets forth a summary of our financial highlights for the periods indicated:

	Three months ended March 31,		Year ended December 31,	
	2021	2020	2020	2019
(in thousands)				
Net sales	\$ 110,536	\$ 97,940	\$404,642	\$420,736
Net income (loss)	\$ 6,864	\$ 4,252	\$ 38,453	\$ (1,928)
Adjusted EBITDA <sup>(1)</sup>	\$ 20,246	\$ 15,740	\$ 57,982	\$ 43,699

(1) Adjusted EBITDA is a non-GAAP financial measure. See "Non-GAAP Measures" below for our definition of, and additional information about, Adjusted EBITDA, and for a reconciliation to net income (loss), the most directly comparable U.S. GAAP financial measure.

Net sales increased by \$12.6 million for the three months ended March 31, 2021 as compared to March 31, 2020, primarily as a result of higher demand for body armor, duty gear, and crowd control products as well as distribution of ammunition and firearms. Net sales decreased by \$16.1 million for the year ended

December 31, 2020 as compared to December 31, 2019, primarily as a result of the Mustang Survival Holdings Corporation (“Mustang”) sale in June 2019 which contributed \$18.8 million in sales in 2019.

Net income increased by \$2.6 million for the three months ended March 31, 2021 compared to March 31, 2020, primarily as a result of improvements in gross profit due to higher sales coupled with lower interest expense. Net income increased by \$40.4 million for the year ended December 31, 2020 as compared to December 31, 2019, primarily as a result of improvements in gross profit of \$6.9 million driven by price, continuous improvement projects, product / customer rationalization and portfolio mix; reduction in certain selling, general and administrative expenses due primarily to \$7.6 million of goodwill impairments taken in 2019 compared to no goodwill impairment in 2020, reduced travel, marketing and health care costs of \$3.4 million, an increase in other general income of \$6.2 million from a long-lived asset sale, gains on sales of equity securities in other (expense) income, net of \$2.2 million, and a benefit for income taxes of \$10.6 million from the release of a valuation allowance on a portion of our deferred tax assets, partially offset by higher transaction and restructuring costs of \$4.9 million.

#### **COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this prospectus. During 2020 and the first quarter of 2021, the financial results of our business were relatively unaffected by COVID-19. In all of the countries and states in which our business operates, the relevant local authorities have deemed our business to be essential in nature and thereby allowed us to continue operations during any government mandated shutdowns. We took many measures to mitigate outbreaks in any of our facilities that would negatively impact the business, such as allowing employees to work remote, new manufacturing layouts to enable social distancing and daily temperature checks. The extent to which our business may be affected by the COVID-19 pandemic will largely depend on both current and future developments, including its duration, spread and treatment, all of which are highly uncertain and cannot be reasonably predicted. While any impact to global markets is uncertain, the Company continues to monitor developments.

## FACTORS AFFECTING RESULTS OF OPERATIONS

The below factors have been important to our business and we anticipate them to impact our results of operations in future periods:

### ***Broad-based, Public Sector Customer Base***

We have a highly diversified customer base, with our largest customer accounting for 6.4% of our 2020 net sales and our top 10 customers accounting for 25.9% of our 2020 net sales. Our extensive distribution network of over 1,000 distributors and retailers allows us to service both large and small agencies globally. We believe our business is resilient to varying economic cycles, as our customers' demand for many of our products is non-discretionary. In addition, technological developments and manufacturers' warranties contribute to relatively steady equipment replacement rates. For example, domestically we offer five-year warranties for soft armor, an important product for domestic law enforcement, and our customers typically replace their equipment before the related warranties expire. We have a dedicated sales force and third-party distributors that maintain longstanding relationships with our end users, providing training and information on the effective use of our products. We will continue to invest in our marketing and sales teams at similar levels to maintain those relationships.

On the other hand, demand for our products, as well as the timing of that demand, may be subject to governmental budget constraints at the national (including U.S. federal) and local government levels. Government spending levels, as well as political conditions, electoral agendas and public opinion, can have a direct impact on appropriations decisions and demand for specific Personal Protective Equipment. Our business has in the past been both positively and negatively affected by such trends and may be impacted in the future.

### ***Diverse Supplier Base***

We depend on certain domestic and international suppliers for the delivery of components used in the manufacturing of our products. Our reliance on third-party suppliers creates risks related to our potential inability to obtain an adequate supply of raw materials or components and reduced control over pricing and timing of delivery of components and sub-assemblies. Specifically, we depend on suppliers for materials such as ballistic fabrics, customized metals and plastics, sub-assemblies and machined parts. We seek to preserve access to necessary materials through long-term supply agreements with select suppliers and the diversification of our supplier base. No vendor makes up more than 10% of total purchases and our top 10 vendors account for less than 30% of total purchases. We will maintain a diverse supplier base and continue to evaluate our suppliers and implement long-term supply agreements as necessary to mitigate our risk.

### ***Business Optimization Initiatives***

As part of our productivity initiatives, we have in the past and continue to take advantage of opportunities to enhance margins through productivity, including the rationalization of manufacturing facilities, asset sales and other productivity initiatives to drive efficiencies. The costs of these initiatives, which are typically incurred before we internalize projected benefits, may distort our underlying financial performance in a given period. For example, over the last three years, we implemented programs aimed at making our manufacturing facilities more productive, consolidating select manufacturing facilities and making more efficient use of our raw materials and inventory, among others. We also practice as part of our operating system, a practice often referred to as root-cause/countermeasure ("RCCM") whereas we identify root causes that unlock efficiencies and implement sustainable long term countermeasures to ensure we capture the opportunity. All of these practices allow us to more effectively manage our manufacturing efficiency and cost base. We anticipate to continue to invest in our business optimization initiatives to offset inflation and expand margins in the future.

### ***Research and Development***

Research and Development ("R&D") is a critical component of our business strategy as a means of differentiating our products from competitors. R&D primarily consists of personnel costs, employee benefits, certification, and testing fees. Our continued investment in R&D allows us to market and patent innovative

solutions to address our customer's needs in a rapidly changing environment. These investments allow us to be innovative in the industry and ensure our law enforcement and military personnel have the safest and most secure solutions. We also engage with government agencies for funded R&D programs that allow us to work directly with end users so that we ensure we understand all the challenges they face in the field. We anticipate our investment in R&D excluding government funding to be relatively stable in as a percentage of sales, but could increase due to government mandated certification changes or as we explore new technologies. These investments will further differentiate our business and products, providing accelerated sales growth and margin expansion.

***Targeted Mergers & Acquisition program***

To supplement business growth and internal research and development, our management team has historically undertaken a targeted M&A program, completing 12 business acquisitions between 2012 and 2017. These strategic acquisitions have allowed us to expand our product and technology offerings, enter new markets and expand geographically to achieve attractive returns on our invested capital.

Leveraging our successful track record of acquisitions, we maintain a robust pipeline of M&A opportunities, spanning our existing core products and markets as well as attractive adjacencies within the safety and survivability landscape. We plan to utilize our relatively high Adjusted EBITDA Conversion<sup>(1)</sup> and historical success in acquisitions to drive favorable acquisition structures and seamless integration. Our experience and operating model allow us to optimize operations, scale appropriately, leverage our direct connection with end users and distribution partners, and utilize our procurement power to help maximize the value created from our acquisitions. Our focus on maintaining a robust pipeline of targets will continue in the future and we anticipate will lead to expanded margins.

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(1) Adjusted EBITDA Conversion is a non-GAAP financial measure. See “Non-GAAP Measures” below for our definition of, and additional information about Adjusted EBITDA Conversion, and for a reconciliation to the most directly comparable U.S. GAAP financial measure.

## KEY PERFORMANCE METRICS

**Orders backlog**

We monitor our orders backlog, which we believe is a forward-looking indicator of potential sales. Our orders backlog for products includes all orders that have been received and are believed to be firm. Due to municipal government procurement rules, in certain cases orders included in backlog are subject to budget appropriation or other contract cancellation clauses. Consequently, our orders backlog may differ from actual future sales. Orders backlog can be helpful to investors in evaluating the performance of our business and identify trends over time.

The following table presents our orders backlog as of the periods indicated:

<i>(in thousands)</i>	<b>As of March 31,</b>		<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
Orders backlog	\$124,419	\$111,749	\$131,814	\$108,199

Orders comprising backlog as of a given balance sheet date are typically invoiced in subsequent periods. The majority of our products are generally processed and shipped within one to three weeks of an order being placed, though the fulfillment time for certain products, for example, explosive ordnance disposal equipment, may take three months or longer. Our orders backlog could experience volatility between periods, including as a result of customer order volumes and the speed of our order fulfilment, which in turn may be impacted by the nature of products ordered, the amount of inventory on hand and the necessary manufacturing lead time.

Orders backlog increased by \$12.7 million as of March 31, 2021 compared to March 31, 2020 due to an increase of \$8.7 million from the distribution of ammunition and firearms through our company-owned retail locations and an increase of \$4.0 million from the explosive ordnance disposal line due to customer refresh cycles.

Orders backlog increased by \$23.6 million as of December 31, 2020 compared to December 31, 2019 primarily due to an increase of \$7.6 million from the explosive ordnance disposal line due to customer refresh cycles, an increase of \$7.2 million from crowd control products due to higher demand, an increase of \$9.7 million from incremental ammunition and firearms demand, partially offset by a decrease in duty gear backlog.

## DESCRIPTION OF CERTAIN COMPONENTS OF FINANCIAL DATA

***Net sales***

We recognize revenue when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied by transferring the goods or service to the customer. The performance obligation is considered satisfied when control transfers, which is generally determined when products are shipped or delivered to the customer but could be delayed until the receipt of customer acceptance, depending on the terms of the contract. At the time of revenue recognition we also provide for estimated sales returns and miscellaneous claims from customers as reductions to revenues. Charges for shipping and handling fees billed to customers are included in net sales. Taxes collected from customers and remitted to government authorities are reported on a net basis and are excluded from sales. See Note 1 “Significant Accounting Policies — Revenue Recognition” to our audited consolidated financial statements included elsewhere in this prospectus.

We generate sales primarily through our four main sales channels: U.S. state and local agencies, international, U.S. federal agencies, and commercial.

***Costs and Expenses***

*Cost of goods sold.* Cost of goods sold includes raw material purchases, manufacturing-related labor costs, contracted labor, shipping, reimbursable research and development costs, allocated manufacturing overhead, facility costs, depreciation and amortization, and product warranty costs. We anticipate our cost of goods sold will increase in absolute dollars to support the growth of our revenue however will stay relatively consistent as a percentage of revenue.

*Selling, general and administrative.* Selling, general and administrative (“SG&A”) expense includes personnel-related costs, professional services, marketing and advertising expense, research and development, depreciation and amortization, and impairment charges. We anticipate our SG&A to stay relatively consistent from year to year in absolute dollars. Further, as a result of becoming a public company, we anticipate to incur additional expenses for, among other things, directors’ and officers’ (“D&O”) liability insurance, outside director fees and additional internal and external accounting, legal and administrative resources, including increased audit and legal fees.

*Restructuring and transaction costs.* Restructuring costs consist primarily of termination benefits and relocation of employees, termination of operating leases and other contracts related to consolidating or closing facilities. Transaction costs consist of legal fees and consulting costs related to one-time transactions. We anticipate our restructuring and transaction costs will be correlated with future restructuring and transaction activities, if any, which could be greater than or less than historic levels.

*Related party expense.* Related party expense primarily consists of rent expense related to 5 distribution locations owned by an employee and any one-time transaction fees paid to related parties. We anticipate our related party expense to stay relatively consistent from year to year in absolute dollars.

*Other general income.* Other general income consists primarily of gains from the disposition of a long-lived asset coupled with earn-out stock programs. We anticipate our other general income will be correlated with future long-lived asset dispositions and other investment activities, if any, which could be greater than or less than historic levels.

*Interest expense.* Interest expense consists primarily of interest on outstanding debt. We anticipate our interest expense will vary with the level of debt in any given period.

*Loss on extinguishment of debt.* Loss on extinguishment of debt consists primarily of recorded losses associated with debt restructuring. We anticipate our loss on extinguishment of debt will be correlated with future debt restructuring activities, if any, which could be greater than or less than historic levels.

*Other (expense) income, net.* Other (expense) income, net primarily consists of non-operating gains and losses, such as gains or losses on the sale of equity securities and foreign currency impacts. We anticipate

our other (expense) income, net gains and losses will be correlated with foreign currency movements, which could be greater than or less than historic levels.

*(Provision) benefit for income taxes.* A provision or benefit for income tax is calculated for each of the jurisdictions in which we operate. The provision or benefit for income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The benefit or provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the book and tax bases of assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. See Note 14 “Income Taxes” in our audited consolidated financial statements included elsewhere in this prospectus.

## RESULTS OF OPERATIONS

In order to reflect the way our chief operation decision maker reviews and assesses the performance of the business, Cadre has determined that it has two reportable segments — the Product segment and the Distribution segment. Segment information is consistent with how the chief operating decision maker, our chief executive officer, reviews the business, makes investing and resource allocation decisions and assesses operating performance.

The following table presents data from our results of operations for the three months ended March 31, 2021 and 2020 and for the years ended December 31, 2020 and 2019 (in thousands unless otherwise noted):

	Three months ended March 31,			Year ended December 31,		
	2021 (Unaudited)	2020 (Unaudited)	% Chg	2020	2019	% Chg
Net sales	\$ 110,536	\$ 97,940	12.9%	\$ 404,642	\$ 420,736	(3.8)%
Cost of goods sold	66,577	58,838	13.2%	251,704	274,699	(8.4)%
<b>Gross profit</b>	<b>43,959</b>	<b>39,102</b>	<b>12.4%</b>	<b>152,938</b>	<b>146,037</b>	<b>4.7%</b>
Operating expenses						
Selling, general and administrative	28,051	27,050	3.7%	106,627	124,270	(14.2)%
Restructuring and transaction costs	321	1,334	(75.9)%	5,822	918	534.2%
Related party expense	153	162	(5.6)%	1,635	1,096	49.2%
Other general income	—	—		(10,950)	(7,630)	43.5%
<b>Total operating expenses</b>	<b>28,525</b>	<b>28,546</b>	<b>(0.1)%</b>	<b>103,134</b>	<b>118,654</b>	<b>(13.1)%</b>
<b>Operating income</b>	<b>15,434</b>	<b>10,556</b>	<b>46.2%</b>	<b>49,804</b>	<b>27,383</b>	<b>81.9%</b>
Other income (expense)						
Interest expense	(5,044)	(6,669)	(24.4)%	(24,388)	(29,848)	(18.3)%
Loss on extinguishment of debt	—	—		(200)	—	
Other (expense) income, net	(44)	680	(106.5)%	2,659	395	573.2%
<b>Total other expense, net</b>	<b>(5,088)</b>	<b>(5,989)</b>	<b>(15.0)%</b>	<b>(21,929)</b>	<b>(29,453)</b>	<b>(25.5)%</b>
Income (loss) before (provision) benefit for income taxes	10,346	4,567	126.5%	27,875	(2,070)	1,446.6%
(Provision) benefit for income taxes	(3,482)	(315)	1,005.4%	10,578	142	7,349.3%
<b>Net income (loss)</b>	<b>6,864</b>	<b>4,252</b>	<b>61.4%</b>	<b>38,453</b>	<b>(1,928)</b>	<b>2,094.5%</b>

**Comparison of Three Months Ended March 31, 2021 to Three Months Ended March 31, 2020**

*Net sales.* Product segment net sales increased by \$10.3 million, or 12.3%, from \$83.5 million to \$93.8 million for the three months ended March 31, 2021 as compared to 2020 primarily due to a \$7.7 million increase in the U.S. state and local agencies channel (increase in demand for duty gear and crowd control and contract wins for armor) and an increase in the international channel of \$3.9 million (driven by EOD suits replenishments and European armor demand) offset in part by a \$2.4 million reduction in the U.S. federal agencies channel (prior year shipment timing for customer contracts mainly relating to bomb suits and duty gear holsters). Distribution segment net sales increased by \$3.2 million, or 16.7% from \$19.4 million to \$22.7 million for the three months ended March 31, 2021 as compared to 2020 primarily due to increases in retail and e-commerce sales as a result of market demand for our ammunition and firearms. Reconciling items consisting primarily of intercompany eliminations were (\$5.9) million and (\$5.0) million for three months ended March 31, 2021 and 2020, respectively.

*Cost of goods sold.* Product segment cost of goods sold increased by \$6.5 million, or 13.1%, from \$49.1 million to \$55.6 million for the three months ended March 31, 2021 as compared to 2020 primarily



due to costs to manufacture product (namely material and labor). Product segment gross profit as a percentage of net sales decreased by 0.5% to 40.7% for the three months ended March 31, 2021 from 41.2% for the three months ended March 31, 2020 mainly driven by product mix. Distribution segment cost of goods sold increased by \$2.2 million, or 14.6% from \$14.8 million to \$16.9 million for the three months ended March 31, 2021 as compared to 2020 primarily due to costs to acquire products. Distribution segment gross profit as a percentage of net sales increased by 1.3% to 25.3% for the three months ended March 31, 2021 from 24.0% for the three months ended March 31, 2020 mainly driven by an increase in ammunition and firearm sales. Reconciling items consisting primarily of intercompany eliminations were (\$5.9) million and (\$5.1) million for three months ended March 31, 2021 and 2020, respectively.

*Selling, general and administrative.* SG&A increased by \$1.0 million, or 3.7%, for the three months ended March 31, 2021 as compared to 2020 primarily due to increase in incentive bonus partially offset in part by lower travel and marketing spend.

*Restructuring and transaction costs.* Restructuring and transaction costs decreased by \$1.0 million, for the three months ended March 31, 2021 as compared to 2020 primarily due to lower transactions costs and consulting fees incurred.

*Related party expense.* Related party expense was relatively consistent period over period with \$0.2 million for each period. We recorded rent expense relating to distribution warehouses and retail stores that we lease from an employee.

*Interest expense.* Interest expense decreased by \$1.6 million, or 24.4% for the three months ended March 31, 2021 as compared to 2020 primarily due to voluntary debt repayments on our outstanding debt.

*(Provision) benefit for income taxes.* Income tax provision increased by \$3.2 million for the three months ended March 31, 2021 as compared to 2020 primarily due to the release of a valuation allowance on a portion of our deferred tax assets in 2020.

#### **Comparison of Year Ended December 31, 2020 to Year Ended December 31, 2019**

*Impact of divestiture.* The comparability of our operating results for the year ended December 31, 2020 compared to the year ended December 31, 2019 was impacted by a business sale. In June 2019, we sold Mustang, which manufactured and sold mainly inflatables, including small combat craft, whitewater rafting solutions, life rafts and marine doors and windows. The sale of Mustang did not meet the criteria for classification as discontinued operations as the deconsolidation did not represent a strategic shift in the business. As result of the Mustang sale, our financial information presented in this prospectus is not comparable between periods. Expense contributions from the divestiture for each of the respective period comparisons generally were not separately identifiable due to the integration of this businesses into our existing operations or were insignificant to our results of operations during the periods presented.

*Net sales.* Product segment net sales decreased by \$22.2 million or 6.1%, from \$365.9 million to \$343.7 million for the year ended December 31, 2020 as compared to 2019, primarily driven by the sale of Mustang, which contributed \$18.8 million in net sales in 2019 before its sale. Excluding the impact of Mustang, net sales decreased \$3.4 million in 2020 as compared to 2019, reflecting an \$11.4 million increase in the commercial channel (expansion of direct-to-consumer sales), a \$4.0 million increase in the U.S. state and local agencies channel and a \$3.2 million increase in funded research and development projects partially offset by a \$14.4 million decrease in the international channel due to shipment timing for a customer contract and a \$7.6 million decrease in the U.S. federal agencies channel due to shipment timing for certain products. Distribution segment net sales increased by \$6.8 million or 8.6%, from \$78.2 million to \$84.9 million for the year ended December 31, 2020 as compared to 2019, due to an increase in the U.S. state and local agencies channel. Reconciling items consisting primarily of intercompany eliminations were (\$24.0) million and (\$23.3) million for year ended December 31, 2020 and 2019, respectively.

*Cost of goods sold.* Product segment cost of goods sold decreased by \$25.3 million, or 10.7%, from \$236.4 million to \$211.0 million for the year ended December 31, 2020 as compared to 2019 primarily related to the sale of Mustang, which contributed to \$12.9 million in cost of goods sold in 2019 before its sale. Excluding the impact of Mustang, cost of goods sold decreased by \$12.4 million, principally from cost improvement projects and product portfolio mix. Product segment gross profit as a percentage of net

sales increased by 3.2% to 38.6% in 2020 from 35.4% in 2019 mainly driven by price increases, and the aforementioned reasons. Distribution segment cost of goods sold increased by \$3.1 million, or 5.0%, from \$61.7 million to \$64.8 million for the year ended December 31, 2020 as compared to 2019 primarily due to higher costs to acquire products. Distribution segment gross profit as a percentage of net sales increased by 2.6% to 23.7% in 2020 from 21.1% in 2019 mainly driven by an increase in firearm and ammunition sales in the second quarter of 2020. Reconciling items consisting primarily of intercompany eliminations were (\$24.1) million and (\$23.3) million for year ended December 31, 2020 and 2019, respectively.

*Selling, general and administrative.* SG&A decreased by \$17.6 million, or 14.2%, for the year ended December 31, 2020 as compared to 2019. Excluding the impact of Mustang, which contributed \$5.3 million to SG&A in 2019, these costs decreased by \$12.3 million. The decrease is primarily related to a \$7.6 million goodwill impairment expense recorded in 2019 compared to no goodwill impairment in 2020, lower travel in 2020, marketing and healthcare costs of \$3.4 million, and a \$2.1 million reduction in bad debt expense due to overall improvement in collection efforts.

*Restructuring and transaction costs.* Restructuring and transaction costs increased by \$4.9 million, for the year ended December 31, 2020 as compared to 2019. The increase primarily relates to an increase in legal fees of \$1.3 million related to a U.S. Federal Trade Commission matter relating to our sale of VieVu, LLC, an increase in consulting for debt restructuring of \$1.9 million and an increase in transactions costs and consulting of \$1.4 million. See Note 13 “Commitments and Contingencies” in our audited consolidated financial statements included elsewhere in this prospectus for a discussion of our sale of VieVu, LLC.

*Related party expense.* Related party expense increased by \$0.5 million for the year ended December 31, 2020 as compared to 2019. The increase primarily related to a \$1.0 million transaction fee paid to Kanders & Company, Inc., a company controlled by our Chairman of the Board in connection with the execution of the Term Loan Agreement. In 2019 Kanders & Company received compensation from Cadre of \$0.5 million due to sale of Mustang.

*Other general income.* Gains in other general income increased by \$3.3 million, or 43.5%, for the year ended December 31, 2020 as compared to 2019. The increase is primarily related to a gain from Ontario facility asset sale of \$6.2 million as well as earn-out stock payments from Axon Enterprise, Inc. (“Axon”) for \$4.7 million as compared to 2019 that included a \$3.0 million gain from Mustang sale and \$4.6 million in earn-out stock payments from Axon.

*Interest expense.* Interest expense decreased by \$5.5 million, or 18.3%, for the year ended December 31, 2020 as compared to 2019 primarily due to voluntary debt repayments on our outstanding debt. See “Liquidity and Capital Resources — Debt” below.

*Loss on extinguishment of debt.* Loss on extinguishment of debt increased by \$0.2 million due to losses associated with debt restructuring in 2020.

*Other (expense) income, net.* Other (expense) income, net increased by \$2.3 million, for the year ended December 31, 2020 as compared to 2019 primarily due to \$4.5 million realized gains on the appreciation of Axon stock received in connection with the sale of VieVu, LLC, offset in part by a \$2.3 million stock collar transaction we entered in order to mitigate the impact of market volatility on our equity securities. The stock collar was settled at the time the equity securities were sold in December 2020 and resulted in a loss of \$2.3 million. See Note 3 “Investments in Equity Securities” in our audited consolidated financial statements included elsewhere in this prospectus for more information.

*(Provision) benefit for income taxes.* Income tax benefit increased by \$10.4 million for the year ended December 31, 2020 as compared to 2019 primarily due to the release of a valuation allowance on a portion of our deferred tax assets. Our effective tax rate in 2020 was (37.9)% as compared to 6.9% in 2019. See Note 14 “Income Taxes” in our audited consolidated financial statements included elsewhere in this prospectus for more information.

## NON-GAAP MEASURES

This prospectus includes EBITDA, Adjusted EBITDA and Adjusted EBITDA Conversion Rate, which are non-GAAP measures that we use to supplement our results presented in accordance with U.S. GAAP. EBITDA is defined as net income before depreciation and amortization expense, interest expense and Provision (benefit) for income tax. Adjusted EBITDA represents EBITDA that excludes restructuring and transaction costs, other general income, other (expense) income, net, contingent consideration and other, long term incentive plan (“LTIP”) bonus, and goodwill impairment as these items do not represent our core operating performance. We also present Adjusted EBITDA Conversion Rate, which we define as Adjusted EBITDA less capital expenditures divided by Adjusted EBITDA. We use Adjusted EBITDA Conversion Rate as a measurement of the cash generation capacity of our underlying operations, exclusive of impacts relating to our capital structure.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Conversion Rate are performance measures that we believe are useful to investors and analysts because they illustrate the underlying financial and business trends relating to our core, recurring results of operations and enhance comparability between periods. Adjusted EBITDA is identical to the financial metric used under our existing credit facilities to measure our covenant compliance and is also considered by our Board and management as an important factor in determining performance-based compensation. Adjusted EBITDA Conversion Rate is a liquidity measure that we believe provides investors and analysts with important information about our core, recurring cash generation trends, which are an indication of our ability to make acquisitions, incur additional debt or return capital to investors, after making the capital investments required to support our business operations.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Conversion Rate are not recognized measures under U.S. GAAP and are not intended to be a substitute for any U.S. GAAP financial measure and, as calculated, may not be comparable to other similarly-titled measures of performance of other companies. Investors should exercise caution in comparing our non-GAAP measures to any similarly titled measures used by other companies. These non-GAAP measures exclude certain items required by U.S. GAAP and should not be considered as alternatives to information reported in accordance with U.S. GAAP.

The table below presents our EBITDA, Adjusted EBITDA and Adjusted EBITDA Conversion Rate reconciled to the most comparable GAAP measure for the periods indicated:

(in thousands)	Three months ended March 31,		Year ended December 31,	
	2021	2020	2020	2019
Net income (loss)	\$ 6,864	\$ 4,252	\$ 38,453	\$ (1,928)
Add back:				
Depreciation and amortization	3,539	3,850	14,733	15,443
Interest expense	5,044	6,669	24,388	29,848
Provision (benefit) for income taxes	3,482	315	(10,578)	(142)
<b>EBITDA</b>	<b>\$ 18,929</b>	<b>\$ 15,086</b>	<b>\$ 66,996</b>	<b>\$43,221</b>
Add back:				
Restructuring and transaction costs <sup>(1)</sup>	321	1,334	5,822	918
Other general income <sup>(2)</sup>	—	—	(10,950)	(7,630)
Other (expense) income, net <sup>(3)</sup>	44	(680)	(2,659)	(395)
Contingent consideration and other <sup>(4)</sup>	—	—	(1,227)	—
LTIP bonus <sup>(5)</sup>	952	—	—	—
Goodwill impairment <sup>(6)</sup>	—	—	—	7,585
<b>Adjusted EBITDA</b>	<b>\$ 20,246</b>	<b>\$ 15,740</b>	<b>\$ 57,982</b>	<b>\$43,699</b>
Less: Capital expenditures	(788)	(1,262)	(4,708)	(3,082)
Adjusted EBITDA less capital expenditures	\$ 19,458	\$ 14,478	\$ 53,274	\$40,617
<b>Adjusted EBITDA conversion rate</b>	<b>96%</b>	<b>92%</b>	<b>92%</b>	<b>93%</b>

(1) Reflects the “Restructuring and transaction costs” line item on our consolidated statement of operations which in 2020 is primarily transaction costs composed of legal and consulting fees compared to 2019

which is primarily termination benefits and relocation of employees associated with consolidating or closing of facilities. For the three months ended March 31, 2021, and 2020 it primarily includes transaction costs composed of legal and consulting fees.

- (2) Reflects the “Other general income” line item on our consolidated statement of operations. 2020 included a gain from a long-lived asset sale as well as earn-out stock payments, whereas 2019 included a gain from Mustang sale in addition to earn-out stock payments.
- (3) Reflects the “Other (expense) income, net” line item on our consolidated statement of operations. 2020 included realized gains on equity securities offset in part by a stock collar transaction we entered into in order to mitigate the impact of market volatility whereas 2019 included unrealized gains on equity securities offset by losses on foreign currency transactions. For the three months ended March 31, 2021, other, net primarily includes losses on foreign currency transactions. For the three months ended March 31, 2020, other, net primarily includes realized gains on foreign exchange transactions and unrealized gains on an investment in equity securities.
- (4) Reflects a gain on the settlement of contingent consideration offset partially by debt extinguishment write-offs.
- (5) Reflects the cost of a cash-based long term incentive plan awarded to employees that vest over three years.
- (6) Reflects primarily goodwill impairment expense in 2019 relating to our Distribution reporting unit. Refer to our consolidated financial statements and notes thereto included elsewhere in this prospectus for a discussion of our goodwill impairment expense.

Adjusted EBITDA increased by \$4.5 million for the three months ended March 31, 2021 as compared to 2020 primarily due to an increase in net income for the period and an increase in the add-back for the provision for income taxes. Adjusted EBITDA increased by \$14.3 million for the year ended December 31, 2020 as compared to 2019 primarily due to an increase in net income for the period partially offset by an increase in the deduction for benefit for income taxes.

## LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to our ability to generate sufficient cash flows to meet the cash requirements of our business operations, including working capital needs, capital expenditures, service debt, acquisitions and other commitments. Our principal sources of liquidity have been cash provided by operating activities, cash on hand and amounts available under our revolving credit facility.

As of March 31, 2021, we had cash and cash equivalents of \$17.4 million and net cash provided by operating activities of \$16.8 million. We believe that our cash flows from operations and cash on hand, and available borrowing capacity under Debt (as described below) will be adequate to meet our liquidity requirements for at least the 12 months following the date of this prospectus. Our future capital requirements will depend on several factors, including future acquisitions and investments in our manufacturing facilities and equipment. We could be required, or could elect, to seek additional funding through public or private equity or debt financings; however, additional funds may not be available on terms acceptable to us, if at all.

### ***Debt***

As of March 31, 2021 and December 31, 2020, we had \$211.9 million and \$212.8 million in outstanding debt, net of debt discounts and debt issuance costs, respectively, primarily related to the term loan facility (the “Term Loan”).

#### ***Term Loan***

Prior to 2019, we executed a \$279.0 million Term Loan and Security Agreement, as amended and restated (the “Original Term Loan”). On November 17, 2020, we settled the Original Term Loan and executed a \$225.0 million Term Loan and Security Agreement (the “Term Loan Agreement”) with certain financial institutions as lenders and an agent. The Term Loan (the “Term Loan”) was issued with a maturity date of May 17, 2026.

The Term Loan includes a feature for delayed draws up to \$30.0 million (the “Delayed Draw Maximum Amount”) to consummate permitted acquisitions under the Term Loan Agreement with such feature terminated on November 17, 2021 (the “Delayed Draw Termination Date”). Any delayed draw amounts will have an accompanying fee of 1.00%. The Term Loan Agreement bears interest at an applicable rate of LIBOR plus 6.50% or Base Rate plus 5.50% if we report a Leverage Ratio of less than or equal to 5.00 to 1.00 or a rate of LIBOR plus 7.00% or Base Rate plus 6.00% if we report a Leverage Ratio greater than 5.00 to 1.00. For applicable rate determination, LIBOR is the higher of 1.00% or the LIBOR for a term equivalent to such period. Refer to notes to our consolidated financial statements and notes thereto included elsewhere in this prospectus for a discussion of our debt. The Term Loan Agreement contains certain restrictive debt covenants, which require us to: (i) maintain a minimum fixed charge coverage ratio of 1.10 to 1.00, which is to be determined for each quarter end on a trailing four quarter basis and (ii) maintain a quarterly maximum leverage ratio of 7.50 to 1.0 until September 30, 2022, and then 7.00 to 1.00 until September 30, 2024, and thereafter 6.50 to 1.00, which is in each case to be determined on a trailing four quarter basis. The Term Loan Agreement also contains a cross-default clause whereby a violation of one may constitute a violation in the other causing an acceleration of payments. We were in compliance with all financial covenants during the periods presented in this prospectus.

#### ***Credit Facility***

We have a revolving credit facility (“Revolving Credit Facility”) that provides total committed capital of \$50.0 million which is allocated into US and Canadian categories of \$45.0 million and \$5.0 million respectively. As of March 31, 2021 there were no outstanding borrowings under the Revolving Credit Facility. In November 2020, we entered into an amendment to the Revolving Credit Facility agreement, which gave consent to the Term Loan debt refinancing and extended the terms of the Revolving Credit Facility agreement to November 2025. As of March 31, 2021 and December 31, 2020, the availability, less outstanding letters of credit, under the Revolving Credit Facility was \$45.7 million and \$41.3 million, respectively. Availability to borrow under the Revolving Credit Facility is calculated by applying a borrowing advance rate to eligible accounts receivable and inventory, which is reported to the bank in the form of a borrowing base certificate. As of March 31, 2021 and December 31, 2020, we had outstanding letters of credit of \$2.9 million and

\$2.7 million, respectively. The Revolving Credit Facility contains various affirmative, negative and financial covenants which we consider to be customary for such borrowings, requires us to maintain a minimum fixed charge coverage ratio of 1.10 to 1.00, to be determined monthly (and on a trailing twelve month basis) during certain testing periods, as more particularly described in the Revolving Credit Facility agreement, and includes certain limitations on cross-border intercompany transactions. We were in compliance with all financial covenants during the periods presented in this prospectus.

### **Cash Flows**

The following table presents a summary of our cash flows for the periods indicated:

(in thousands)	Three months ended March 31,		Year ended December 31,	
	2021 (Unaudited)	2020 (Unaudited)	2020	2019
Net cash provided by operating activities	\$ 16,832	\$ 14,878	\$ 45,419	\$ 7,414
Net cash (used in) provided by investing activities	(788)	4,329	19,784	26,372
Net cash (used in) provided by financing activities	(1,490)	7,766	(64,902)	(32,417)
Effects of foreign exchange rates on cash and cash equivalents	13	(110)	52	(139)
Change in cash and cash equivalents	14,567	26,863	353	1,230
Cash and cash equivalents, beginning of period	2,873	2,520	2,520	1,290
Cash and cash equivalents, end of period	\$ 17,440	\$ 29,383	\$ 2,873	\$ 2,520

#### *Net cash provided by operating activities*

During the three months ended March 31, 2021, net cash provided by operating activities of \$16.8 million resulted primarily from net income of \$6.9 million and changes in operating assets and liabilities of \$2.4 million. Changes in operating assets and liabilities were primarily driven by an increase in accounts payable and other liabilities of \$10.7 million offset in part by increases in accounts receivable of \$5.6 million and inventories of \$2.5 million.

During the three months ended March 31, 2020, net cash provided by operating activities of \$14.9 resulted primarily from net income of \$4.3 million and changes in operating assets and liabilities of \$7.0 million. Changes in operating assets and liabilities were primarily driven by a decrease in accounts receivable of \$8.5 million.

During the year ended December 31, 2020, net cash provided by operating activities of \$45.4 million resulted primarily from net income of \$38.5 million and changes in operating assets and liabilities of \$17.4 million. Changes in operating assets and liabilities were primarily driven by a decrease in accounts receivable of \$11.8 million.

During the year ended December 31, 2019, net cash provided by operating activities of \$7.4 million resulted primarily from net loss of \$1.9 million, adjusted non-cash items of \$16.6 million partially offset by changes in operating assets and liabilities of \$7.2 million. Non-cash items included depreciation and amortization of \$15.4 million and goodwill impairment of \$7.6 million partially offset by non-cash consideration received from sale of VieVu, LLC of \$5.2 million and gain on sale of Mustang of \$3.0 million. Changes in operating assets and liabilities were primarily driven by a decrease in accounts payable and other liabilities of \$19.7 million offset by a decrease in accounts receivable of \$8.7 million and a decrease in inventories of \$5.7 million.

#### *Net cash (used in) provided by investing activities*

During the three months ended March 31, 2021, we used \$0.8 million of cash from investing activities, consisting of purchases of property and equipment of \$0.8 million.

During the three months ended March 31, 2020, we provided \$4.3 million of cash from investing activities, primarily consisting of proceeds from sale of equity securities of \$5.6 million offset by purchases of property and equipment of \$1.3 million.

During the year ended December 31, 2020, we provided \$19.8 million of cash from investing activities, primarily consisting of proceeds from disposition of property and equipment of \$12.4 million and proceeds from sale of equity securities of \$14.4 million.

During the year ended December 31, 2019, we provided \$26.4 million of cash from investing activities, primarily consisting of proceeds from the sale of Mustang of \$26.9 million.

*Net cash (used in) provided in financing activities*

During the three months ended March 31, 2021, we used \$1.5 million of cash in financing activities, primarily consisting of principal payments on the Revolving Credit Facility \$88.6 million, principal payments on insurance premium financing of \$0.9 million and principal payments on the Term Loan of \$0.6 million offset in part by proceeds from Revolving Credit Facility of \$88.6 million.

During the three months ended March 31, 2020, we provided \$7.8 million of cash from financing activities, primarily consisting of proceeds from the Revolving Credit Facility of \$110.8 million offset in part by principal payments on the Revolving Credit Facility of \$96.2 million, principal payments on insurance premium financing of \$0.8 million and principal payments on the Term Loan of \$6.1 million.

During the year ended December 31, 2020, we used \$64.9 million of cash in financing activities, primarily consisting of proceeds from Revolving Credit Facility of \$382.1 million, proceeds from the Term Loan of \$219.6 million, offset by principal payments on the Revolving Credit Facility of \$384.2 million and principal payments on the Term Loan of \$276.4 million.

During the year ended December 31, 2019, we used \$32.4 million of cash in financing activities, primarily consisting of proceeds from the Revolving Credit Facility of \$383.5 million, offset by principal payments on the Revolving Credit Facility of \$406.4 million.

### Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2020 by period:

(in thousands)	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
Lease obligations <sup>(1)</sup>	\$ 16,692	4,513	7,917	3,865	397
Debt <sup>(2)</sup>	225,811	3,496	4,544	4,545	213,226
Interest on debt <sup>(3)</sup>	90,125	17,033	33,520	32,868	6,704
<b>Total contractual obligations</b>	<b>\$332,628</b>	<b>25,042</b>	<b>45,981</b>	<b>41,278</b>	<b>220,327</b>

(1) Includes future minimum lease payments required under non-cancelable operating and capital leases.

(2) Includes scheduled cash principal payments on our debt, excluding interest, original issuance discount and debt issuance costs.

(3) Represents the estimated interest payments on our outstanding debt, assuming a 7.5% interest rate, which was the weighted average interest rate applicable to our borrowings at December 31, 2020.

There have not been any significant changes to the contractual obligations for the three months ended March 31, 2021.

### Off-Balance Sheet Arrangements

We do not engage in off-balance sheet financing arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K.

## CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. Preparation of the financial statements requires us to make judgments, estimates and assumptions that impact the reported amount of net sales and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We consider an accounting judgment, estimate or assumption to be critical when the estimate or assumption is complex in nature or requires a high degree of judgment and when the use of different judgments, estimates and assumptions could have a material impact on our consolidated financial statements. While our significant accounting policies are described in more detail in notes in our consolidated financial statements included elsewhere in this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

### ***Goodwill***

Goodwill is initially recorded at the fair value. Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net assets acquired. Goodwill is not subject to any amortization but is tested for impairment annually as of October 31, and when events or circumstances indicate that the estimated fair value of a reporting unit may no longer exceed its carrying value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recognized in an amount equal to the excess, limited to the total amount of goodwill allocated to the reporting unit.

In evaluating goodwill for impairment, qualitative factors are considered to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, through this qualitative assessment, the conclusion is made that it is more likely than not that a reporting unit's fair value is an impairment test is conducted by comparing of the fair value of a reporting unit to its carrying value, for which we use the discounted cash flow method of the income approach and market approach as management believes this is the most direct approach to incorporate the specific economic attributes and risk profiles of our reporting units into our valuation model. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. We had three reporting units as of December 31, 2020: Safariland, Med-Eng, and Distribution.

We determine the fair value of its reporting units based on a combination of the income approach and market approach, weighted based on the circumstances. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specific projection period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate that reflects our best estimate of the weighted average cost of capital of a market participant and is adjusted for appropriate risk factors. We perform sensitivity tests with respect to growth rates and discount rates used in the income approach. Under the market approach, valuation multiples are derived based on a selection of comparable companies and acquisition transactions and applied to projected operating data for each reporting unit to arrive at an indication of fair value.

During 2019, as a result of the decline in the forecasted financial performance for our Distribution reporting unit, we performed an impairment evaluation and determined that the carrying value of the goodwill of the Distribution reporting unit exceeded the implied fair value. The decline in the fair value of the Distribution reporting unit was primarily due to unfavorable performance in 2019 that was impacting operating margins and led us to use a higher discount rate due to an increase in the risk-free rate of return. We recorded a goodwill impairment charge of \$7.6 million for the Distribution segment within selling, general and administrative expenses for the year ended December 31, 2019. No impairment losses were recorded during the year ended December 31, 2020.

### **Recently Adopted and Issued Accounting Pronouncements**

Recently issued and adopted accounting pronouncements are described in notes to our audited consolidated financial statements included elsewhere in this prospectus.

### **Emerging Growth Company**

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, we are eligible for exemptions from various reporting requirements applicable



to other public companies that are not emerging growth companies, including, but not limited to, presenting only two years of audited financial statements, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation, and an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or golden parachute arrangements.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have in the past and may in the future be exposed to certain market risks, including interest rate, foreign currency exchange in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial condition or results of operations due to adverse changes in financial market prices and rates. These risks are not significant to our results of operations, but they may be in the future. We do not hold or issue financial instruments for speculative or trading purposes. There have not been material changes in market risk exposures as of March 31, 2021.

***Interest rate risk***

Changes in interest rates affect the amount of interest expense we are required to pay on borrowings under floating rate debt. As of December 31, 2020, we had \$224.4 million in outstanding floating rate debt, based mainly on LIBOR. As of December 31, 2020, the applicable interest rate of the Term Loan Agreement bears interest at an applicable rate of LIBOR plus 6.50% or Base Rate plus 5.50% if we report a Leverage Ratio of less than or equal to 5.00 to 1.00 or a rate of LIBOR plus 7.00% or Base Rate plus 6.00% if we report a Leverage Ratio greater than 5.00 to 1.00. Based on LIBOR plus 6.5%, a 100 basis point increase or decrease in the applicable base interest rates under our floating interest rate debt would have resulted in a \$2.5 million increase or decrease in our interest expense for the year ended December 31, 2020.

***Foreign currency exchange rate risk***

Our operations are geographically diverse and we are exposed to foreign currency exchange risk primarily for the Canadian dollar and Mexican peso, related to our transactions and our subsidiaries' balances that are denominated in currencies other than the U.S. dollar, our functional currency. We do not currently hedge our foreign currency transaction or translation exposure, though we have done so in the past and may do so in the future. Significant currency fluctuations could impact the comparability of our results of operations between periods. A 10% increase or decrease in the value of the Canadian dollar to the U.S. dollar would have caused our reported net sales to increase or decrease by approximately \$1.6 million for the year ended December 31, 2020, and a 10% increase or decrease in the value of the Canadian dollar to the U.S. dollar would have caused our reported net income to increase or decrease by approximately \$1.0 million for the year ended December 31, 2020. A 10% increase or decrease in the value of the Mexican peso to the U.S. dollar would have caused our reported net income to increase or decrease by approximately \$1.4 million for the year ended December 31, 2020.

## BUSINESS

### Business Overview

For over 55 years, we have been a global leader in the manufacturing and distribution of safety and survivability equipment for first responders. Our equipment provides critical protection to allow its users to safely and securely perform their duties and protect those around them in hazardous or life-threatening situations. Through our dedication to superior quality, we establish a direct covenant with end users that our products will perform and keep them safe when they are most needed. We sell a wide range of products including body armor, explosive ordnance disposal equipment and duty gear through both direct and indirect channels. In addition, through our owned distribution, we serve as a one-stop shop for first responders providing equipment we manufacture as well as third-party products including uniforms, optics, boots, firearms and ammunition. The majority of our diversified product offering is governed by rigorous safety standards and regulations. Demand for our products is driven by technological advancement as well as recurring modernization and replacement cycles for the equipment to maintain its efficiency, effective performance and regulatory compliance.

As discussed below, we believe we have established leading market positions across our product portfolio through high-quality standards, innovation and a direct connection to the end users, including being a leading provider of explosive ordnance disposal technician equipment globally as well as a leading provider of safety holsters and a top provider of soft body armor for first responders in the U.S. We service the ever-changing needs of our end users by investing in research and development for new product innovation and technical advancements that continually raise the standards for safety and survivability equipment in the first responder market. Our target end user base includes domestic and international first responders such as state and local law enforcement, fire and rescue, explosive ordnance disposal technicians, emergency medical technicians (“EMT”), fishing and wildlife enforcement and departments of corrections, as well as federal agencies including the U.S. Department of State (“DoS”), U.S. Department of Defense (“DoD”), U.S. Department of Interior (“DoI”), U.S. Department of Justice (“DoJ”), U.S. Department of Homeland Security (“DHS”), U.S. Department of Corrections (“DoC”) and numerous foreign government agencies in over 104 countries. We have a large and diverse customer base, with our top 10 customers representing approximately 26% of sales, with no individual customer representing more than 6.5% of our total revenue, for the year ended December 31, 2020.

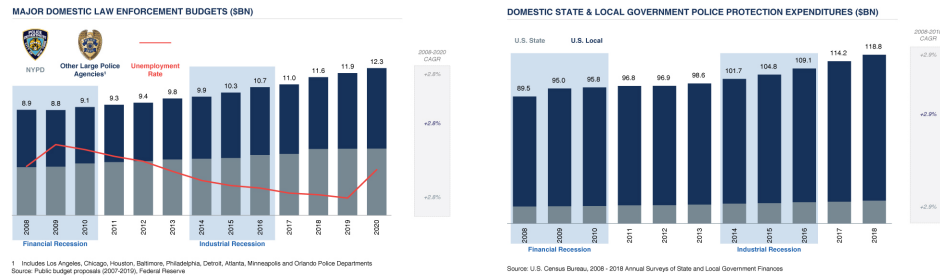
We are committed to honoring those who put their lives in danger through the SAVES CLUB®, which pays homage to first responders who experience a life-threatening incident in the line of work in which our armor or gear contribute to saving their lives. The club currently has 2,111 members and counting. With the help of our suppliers, distributors and first responder end users, we strive to fulfill the Company creed: Together, We Save Lives.

### Industry Overview

The market for safety and survivability equipment serving first responders focuses on providing a diverse set of protective and mission enhancing products and solutions to our target end users. The market is driven by multiple factors including customer refresh cycles, growing number of personnel employed by first responder organizations, equipment replacement and modernization trends, greater emphasis on public and first responders’ safety and demographic shifts.

Body armor, explosive ordnance disposal equipment and duty gear comprise the core product areas in the safety and survivability equipment market and law enforcement personnel growth is a significant driver for our business. The U.S. Bureau of Labor Statistics projects the number of law enforcement personnel in the U.S. to increase at a faster rate than broader labor market growth over the 10-year period from 2019 to 2029, or 5%, from 813,500 in 2019 to 854,200 in 2029. Demand for first responder safety and survivability equipment is also fueled by increasing law enforcement budgets. Law enforcement budgets have grown significantly on a per capita basis since 2000, supported by increased spending in major cities and by federal agencies. Per the Bureau of Justice Statistics, in real dollars (adjusted for inflation), local police-protection spending per capita rose 29% from 2000 to 2017. In 2017, state and local real police protection spending per capita was \$326 vs. \$258 in 2000.

The following charts highlight budget growth for major departments from 2008 to 2020 and for domestic state and local police protection spend from 2008 to 2018 (based on available data):



In addition to the macro industry trends, each of these product segments experience unique drivers in and of themselves. Increasing mandatory body armor use and refresh policies, evolving technical standards and increases in tactical or special weapons and tactics (“SWAT”) law enforcement personnel act as tailwinds to the body armor market. Meanwhile, the explosive ordnance disposal equipment market is driven by the continued emergence of new global threats while duty gear is driven mainly by product use and replacement cycles.

Our management estimates the annual addressable market for soft body armor (including tactical soft armor) in 2020 to be approximately \$870 million. We also estimate explosive ordnance disposal equipment to have an addressable market of approximately \$245 million over the seven-to-ten year life cycle of the products’ installed base. Finally, the annual addressable market for holsters for the global law enforcement and military and consumer markets is estimated to be approximately \$380 million.

The international market is also poised for growth as foreign governments face increasingly complex safety challenges and seek to replace legacy equipment. Additionally, we foresee the demand for safety and survivability equipment from overseas markets to increase due to heightened awareness of the importance and effectiveness of such products and as countries are exposed to new threats. Our management estimates our addressable number of total law enforcement personnel outside the U.S. to be approximately 9,658,000, representing a substantial market opportunity.

Our management team believes that the safety and survivability equipment industry for first responders represents a stable and growing market with long-term opportunities. Given our strong market standing, direct connection to the end users, extensive distribution network, long history of innovations and high-quality standards, we believe we are well positioned to capitalize on the positive market dynamics.

### Competitive Strengths

*Leading, independent global provider of safety and survivability equipment for first responders.* Our history as a leading provider of high-quality safety and survivability equipment dates back to 1964. Our differentiated value proposition is built on superior quality combined with an unwavering focus on critical safety standards, making us the trusted brand name for first responders. Our extensive product breadth allows us to serve as a one-stop shop for our end users and their safety and survivability equipment needs.

*Strong market positions.* Based on data we collect related to end users and publicly available information on awarded contracts and purchases, we believe we have leading market positions across multiple product categories through superior quality and performance differentiating us from our competition. By way of reference, we sell either concealable tactical or hard armor to 34 of the top 50 police departments in the U.S. by size. Likewise, we sell our duty retention holsters to 48 of the top 50 police departments in the U.S. by size. Furthermore, we are a party to multi-year contracts for the largest bomb suit teams in the world including the U.S. Army, U.S. Marine Corps and U.S. Air Force. Our products continually exceed stringent industry safety standards and are recognized for advancements in performance through innovation and technological enhancement.

*Mission-critical products with recurring demand characteristics.* Our products provide critical protection to their end users as well as those around them, with limited or no room for error. As a result, stringent safety standards and customary warranty provisions create refresh cycles on over 80% of the equipment we supply to ensure efficient and effective performance at all times. Demand associated with these refresh cycles drives a highly predictable recurring revenue stream. The majority of our remaining revenue is associated consumable products driving recurring sales based on replenishment needs.

*Attractive macro-economic and secular tailwinds driving demand and visibility for our products.* The vast majority of our end markets are acyclical in nature as their demand is driven primarily by the first responder budgets and relatively unaffected by economic cycles. Our business has benefitted from key shifts serving as tailwinds to our growth strategy including the increasing focus on safety, replacement and modernization trends as well as demographic shifts and urbanization.

*Compelling organic and inorganic growth roadmap.* Leveraging our differentiated product development process and technical knowhow, leading domestic market position and first mover advantage with our suppliers, we plan to drive profitable organic revenue growth via new product development and geographic expansion. In particular, international expansion is an especially important initiative in our organic growth roadmap due to the significant market share opportunity and increasing investments in safety and survivability equipment in various key geographic markets. We expect to supplement our organic growth through a targeted M&A program spanning our existing core products and markets as well as attractive adjacencies.

*Attractive financial profile with strong EBITDA margins and free-cash-flow generation.* We generate strong profitability through diligent portfolio management of customers and contracts and continued focus on cost structure to drive operating leverage. Our strong profitability combined with minimal capital expenditure requirements result in high free-cash-flow generation, which is a key driver for our internal research and development initiatives and targeted M&A program. Our Adjusted EBITDA Conversion Rate is consistently greater than 90%.

*Tenured management with significant public company platforms.* Our management team is comprised of executive officers with extensive experience at public company platforms including Armor Holdings Inc., Danaher Corporation, General Electric Company and IDEX Corporation. Together they bring an established track record of strong performance operating and growing public companies both organically and via acquisitions. This experience has created a differentiated approach to our operating model through their expertise in building a culture of operational and cultural excellence, complexity reduction, and innovation.

*Long-term customer relationships across diverse end markets and geographies.* We maintain long-term relationships with over 23,000 first responders and federal agencies both domestically and internationally, with top customer relationships averaging an excess of 15 years. Our global presence spans over 104 countries across North America, Europe and other regions.

## **Products**

We design and manufacture a diversified product portfolio of critical safety and survivability equipment to protect first responders. We maintain clear market-leadership positions in certain core product categories including body armor, explosive ordnance disposal equipment and duty gear. Over 80% of our product line is tied to customary or mandated refresh cycles of between seven and ten years, which drives a highly predictable, recurring revenue stream. The majority of the remaining revenue is associated consumable products. Our overall strategy is to drive growth by leveraging our leading market shares and competitively-differentiated offerings in each of our core product categories, including:

*Body Armor.* We offer a full range of field-proven advanced armor solutions. Our products incorporate cutting-edge technology, innovative materials and processes in order to provide the best protection, reduce weight and optimize ergonomics for the end user. The majority of our armor products are made-to-measure in accordance with the applicable NIJ and industry standards. We recently launched an industry-first partnership to provide law enforcement officers and first responders with the ability to determine size through the use of mobile phone scanning and artificial intelligence technologies.

Our principal body armor product offerings include concealable, corrections and tactical armor, which provide varying levels of protection against ballistic or sharp instrument threats. Our body armor products are sold under the well-known Safariland® and Protech® Tactical brand names. We also sell products in partnership with industry leading developer Hardwire LLC.

Our body armor panels that are manufactured in the United States are designed to be built in compliance with guidelines established by the NIJ. We also manufacture body armor in Ontario, Canada; Manchester, England; and Kaunas, Lithuania; that is certified to meet various international standards. We also distribute a variety of third-party items, including helmets, and face shields for protection from blunt trauma and explosive shrapnel.



*Explosive Ordnance Disposal.* We are the global leader of a highly engineered portfolio of critical-operator survival suits, remotely operated vehicles, specialty tools, blast sensors, accessories and vehicle blast attenuation seats for bomb safety technicians. As the most trusted brand in the market, Med-Eng is the go-to source for explosive ordnance solutions in the developed world. Our products provide end users with the latest protective technologies integrated with electronic components and communications equipment.

Med-Eng has a fielded installed base of bomb suits in over 100 countries, yielding predictable, recurring replacement cycles. Our continuous investment in R&D supported by our existing IP portfolio, drives next-generation technologies designed to meet the ever-evolving threats for operators in the field. Select customers include our position as a provider for the U.S. Army, U.S. Navy, U.S. Air Force, U.S. Marines, FBI, ATF and all NATO countries.



*Duty Gear.* We are the industry leader in holster innovation and safety engineering and our products incorporate industry standard safety locking mechanisms on which a majority of first responders are trained. The end user base for our holster products includes state and local law enforcement, federal agencies including the DoS, DoD, DoI, DHS, and DoC, foreign police and military agencies, and the commercial concealed carry market. We also offer a complementary line of officer duty gear including belts, and accessories.

In connection with the mission critical nature of duty gear products, we dedicate significant product development resources to ensure efficient and effective performance of our products. We manufacture and sell duty gear and commercial offerings under the widely recognized Safariland® and Bianchi® brands.



*Other Protective and Law Enforcement Equipment.* Supplementary to our core product offerings, we design, manufacture, assemble, and market a suite of equipment to round out our product portfolio. Key products include communications gear, forensic and investigation products, firearms cleaning solutions, and crowd control products. These products are marketed under several well-known niche brands. In addition,

through our owned distribution, we serve as a one-stop shop for first responders providing equipment we manufacture as well as third-party products including uniforms, optics, boots, firearms and ammunition.

### **Growth Strategy**

Our growth plan consists of a multi-pronged approach that includes driving profitable core revenue growth through new product introductions and international market expansion combined with targeted acquisitions, enhanced through our operating model.

***Profitable Core Revenue Growth.*** We believe that our leading market positions across a range of core categories will continue to yield significant growth opportunities. Our management team is focused on delivering new product launches, increasing customer wallet share, executing on key new contract opportunities and expanding our high-margin e-commerce and direct-to-consumer capabilities to continue to drive revenue growth. Examples of recent product innovation include the development of a 3D body sizing solution for soft armor, introduction of our next generation holsters, and working with key suppliers on the use of emerging materials for utilization in new armor products. We are also seeking to expand our leadership in high-growth technologies through the development of our blast sensor equipment for soldier protection. We believe this opportunity could represent a total potential addressable market opportunity of up to approximately \$500 million based on the total size of the U.S. Department of Defense branches ultimately participating in the program. The requirement for blast sensors and the potential market for all branches of the U.S. military is supported by the Blast Pressure Exposure Study Improvement Act which was signed into law as part of the National Defense Authorization Act for Fiscal Year 2020.

***International Market Expansion.*** We are also committed to increasing our market share internationally. Given our leading domestic market position and our products' high-quality standards and performance, we believe we are well positioned to take advantage of the growth in international demand for safety and survivability equipment for first responders. We intend to penetrate certain international markets through leveraging existing relationships, building local market teams and expansion into relevant market adjacencies.

***Targeted M&A Program.*** To supplement organic growth and internal research and development, our management team has historically undertaken a targeted M&A program, completing 12 transactions between 2012 and 2017. These strategic acquisitions have allowed us to expand our product and technology offerings, enter new markets and expand geographically to achieve attractive returns in our invested capital period.

We maintain a robust pipeline of opportunistic M&A opportunities, spanning our existing core products and markets as well as attractive adjacencies within the safety and survivability landscape. We plan to utilize our relatively high free-cash-flow generation and historical success in acquisitions to drive favorable acquisition structures and efficient integration. Our operating model, passion around connecting with customers and expansive channel help maximize the value created from our acquisitions.

***Continuous Margin Improvement Initiatives.*** Our management team has shown a strong track record of achieving cost structure optimization to drive operating leverage, as evidenced by past years' margin improvements. Our operating model starts with complexity reduction then uses lean tools and methods to continuously improve operational and commercial processes. Strategic initiatives completed over the past few years include among others, rationalizing the Company's manufacturing footprint, divesting non-core activities, enhancing our supply-chain and optimizing customer relationships and key contracts. Together these activities have helped enhance the Company's manufacturing and sales operations, ultimately driving profitability growth.

### **Customers and Selling Channels**

We sell our products through distributors and work directly with agencies to effectively reach end users. We classify our first responder customers into four categories: U.S. State and Local Agencies, International, U.S. Federal Agencies, and Commercial (which includes our direct-to-consumer sites). Our top 10 customers represented approximately 26% of sales, with no individual customer representing more than 6.5% of our total revenue, for the year ended December 31, 2020.

***U.S. State and Local Agencies.*** We have built relationships with nearly every domestic law enforcement agency in the country, selling at least one product category to each of the top 50 major departments. Other

end users in this category include fire and rescue, explosive ordnance disposal technicians, EMT, fishing and wildlife enforcement and departments of corrections. We sell our products through a network of longstanding third-party distributors as well as an owned distribution platform, both of which interact directly with agencies and end users. The U.S. State and Local Agencies channel represented our largest selling channel at approximately 57% of net sales for the year ended December 31, 2020.

*International.* We sell product into more than 104 countries globally. We service foreign cure and defensive ministry, national law enforcements and other foreign agencies through our distribution partners as well as through agency agreements with representatives to help service broad regions. In total, the International channel currently represented 17% of net sales for the year ended December 31, 2020, and is a key category we would like to expand.

*U.S. Federal Agencies.* We sell to a variety of federal agencies including the DoS, DoD, DoI, DoJ and DHS Inc. Furthermore, we have long-standing contracts with key departments within the U.S. Army, U.S. Air Force, U.S. Navy and U.S. Marine Corps. In total, the U.S. Federal Agencies channel represented 16% of net sales, with only 5% of the total from U.S. Military branches, for the year ended December 31, 2020.

*Commercial.* Our Commercial channel consists primarily of sales through largely recognized e-commerce companies and retailers as well as through our own e-commerce sites. The Commercial channel represented less than 10% of net sales for the year ended December 31, 2020.

We service each of our channels through in-field technical salespeople and an owned distribution network. Our traditional distribution network consists of longstanding distribution partners and agents for first responders and federal agencies, retailers and e-commerce platforms and our own website where we sell directly to the end user. We pair our in-house expertise with outside partners in order to provide our customers with the best service possible while maintaining a real-time understanding of end user needs. In total, we have 61 sales people domestically and 9 internationally, with more than 791 authorized indirect selling partners worldwide. We believe that by combining our third party network with our in-house salesforce and our extensive owned distribution network, we create continuous customer interaction and best-in-class service and training, providing us with a distinct advantage over our peers.

Our brand name recognition and reputation among our customers, diversified product line and extensive distribution network are central to our marketing strategy. We leverage these advantages along with involvement and support of several law enforcement associations to market our products.

### **Manufacturing and Raw Materials**

We operate a global manufacturing footprint with 15 sites across North America and Europe. Each site has capacity to scale up without further material investment in machinery and equipment. Additionally, we manage a diverse global supplier base of leading textile, fabric and raw material providers. We have multiple sources for each input in order to limit our dependency on any single vendor. No vendor makes up more than 10% of total purchases and our top 10 vendors account for less than 30% of total purchases.

We are reliant on certain suppliers that provide us with the raw materials and components that we utilize in manufacturing our ballistic resistant garments. Although in some cases substitutable alternative materials and components may be obtained from other commercially available sources, any change in the materials and components that we utilize in manufacturing our ballistic resistant garments may require additional research and development, recertification as well as customer acceptance.

### **Facilities**

We own our corporate headquarters located at 13386 International Parkway, Jacksonville, FL 32218 where we occupy approximately 36,941 square feet of office space and 95,283 square feet of manufacturing space. In total, we operate 15 facilities (two owned) across the U.S., Canada, Mexico and Europe, spanning more than 750,000 square feet. Additionally, we lease 11 retail locations across the East Coast through which we service our Distribution segment. Our properties are well maintained, and we consider them to be sufficient for our existing capacity requirements.



The following table identifies and provides certain information regarding our facilities:

Primary Activity	Location	Country	Owned/Leased	Sq Ft
Corporate HQ and Manufacturing	Jacksonville, Florida	USA	Owned	132,224
Manufacturing and R&D	Jacksonville, Florida	USA	Owned	63,000
Warehouse and Distribution	Jacksonville, Florida	USA	Leased	27,405
Manufacturing and R&D	Ontario, California	USA	Leased	41,475
Manufacturing	Casper, Wyoming	USA	Owned	73,700
Manufacturing	Dalton, Massachusetts	USA	Leased	33,862
Manufacturing	Dover, Tennessee	USA	Leased	87,652
Manufacturing	Ogdensburg, New York	USA	Leased	23,220
Manufacturing	Tijuana, Baja California	Mexico	Leased	158,614
Sales, R&D & Manufacturing	Ottawa, Ontario	Canada	Leased	39,273
Manufacturing	Pembroke, Ontario	Canada	Leased	26,154
Manufacturing	Arnprior, Ontario	Canada	Leased	48,853
Manufacturing	Warrington, Cheshire	UK	Leased	21,958
Manufacturing & Sales	Daventry, Northhamptonshire	UK	Leased/Owned	19,429
Manufacturing	Vilnius	Lithuania	Leased	19,160

### Backlog

As of March 31, 2021, we had approximately \$124 million in backlog. The Company expects 96% of the orders to be filled within 12 months. At the same point in 2020, our backlog was \$112 million. Orders comprising backlog as of a given balance sheet date are typically invoiced in subsequent periods. The majority of our products are generally processed and shipped within one to six weeks of an order being placed, depending on the size and customization required for an order, though the fulfillment time for certain products, for example, explosive ordnance disposal equipment, may take three months or longer.

### Competition

We compete in the large public safety and outdoor and recreation markets amongst other ancillary addressable markets. Competition in the public safety markets depends on the specific product in question but is generally based on a number of factors including product quality, safety performance, fit, price, and brand recognition. We believe that we have been able to compete successfully driven by the combination of our brand and product dependability, superior engineering and manufacturing capabilities, industry-leading product innovations, as well as on the breadth of our offering to customers.

Our primary competitors include, but are not limited to, Point Blank Enterprises, Inc., Avon Protection Systems, Inc., Central Lake Armor Express, Inc. (d/b/a Armor Express), as well as the Blackhawk division of Vista Outdoor Inc. None of our competitors across individual product categories compete in each of our product verticals, making us the only one-stop provider of critical safety and survivability equipment solutions in the market.

Certain of our products cross over into the broader outdoor and recreation market, which is highly fragmented and highly competitive. While we believe that acceptance in this market is principally driven by the ability to bring new and innovative products to market, price point is critical.

### Human Capital

As of March 31, 2021, we had a total of 2,533 employees. Of these employees, 2,007 were engaged in manufacturing, 204 in sales, marketing, product management and customer support, 154 in corporate functions (IT, Finance, HR, Legal and Compliance, etc.), 124 in R&D, engineering technicians, manufacturing engineers and project managers, 35 retail store associates and 9 in various executive and administrative

functions. None of our employees are represented by a union in collective bargaining with us. We believe that our employee relations are good. Our human capital objectives center around identifying, recruiting, retaining, incentivizing and integrating our existing and new employees. We maintain and grow our team utilizing practices that help us identify, hire, incentivize and retain our existing employees and integrate new employees into our Company.

### Research and Development

Our significant IP portfolio combined with best-in-class product development and advanced materials processing separates us from our competitors. We have 85 design engineers and related technicians across our business. We have dedicated research and development centers at our manufacturing sites that specialize in product categories, including ballistics developments and state-of-the-art testing laboratory in Ontario, Canada, blast impact and technology development for explosive ordnances in Ottawa, Canada, and holster development and design in Jacksonville, FL, each of which focus on quality and product performance in order to generate critical real-time feedback. We aim to achieve efficient integration of quality materials and latest technologies to develop our products, which will allow us to leverage our first mover advantage from our suppliers.

### Intellectual Property and Trademarks

We own significant intellectual property, including patents, trademarks, manufacturing processes and trade secrets related to our products, processes and business. Although our intellectual property plays an important role in maintaining our competitive position, we do not consider any single patent, trademark, manufacturing process or trade secret to be of material importance to any segment or to the business as a whole.

We own a total of 248 patents and pending patent applications worldwide, of which 226 are patents granted and 22 are pending patent applications, with expiry dates ranging from 2021 to 2045 in 29 jurisdictions. Of those 248 patents and pending patent applications, 154 are for utility patents and 94 are for design patents. We own patents and pending patent applications in the United States, Australia, Belgium, Brazil, Canada, the People's Republic of China, Denmark, France, Germany, Hong Kong, India, Ireland, Israel, Italy, Japan, Jordan, Kuwait, Mexico, New Zealand, Norway, Poland, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, and the United Kingdom, as well as the European Union.

The loss of patent protection for patents expiring in 2021 is not expected to have a material effect on our business.

Our material registered trademarks include SAFARILAND® and MED-ENG®.

The following table describes the material patents and patent applications owned or licensed by us, segregated by product category, including the range of expiry dates:

Product Category	Ownership	Number of Patents Granted	Range of Expiration Dates for Granted Patents	Number of Pending Patent Applications	Range of Expiration Dates (if Pending Patent Granted)
Body Armor	Safariland, LLC	37	2021 – 2041	1	2040
Body Armor	Pacific Safety Products, Inc.	1	2023	—	—
Duty Gear	Safariland, LLC	60	2022 – 2040	7	2036 – 2041
EOD	Med-Eng, LLC	78	2021 – 2045	6	2036 – 2040
Crowd Control	Safariland, LLC	26	2026 – 2038	3	2035 – 2041
Other – Diversified	Safariland, LLC	24	2021 – 2038	5	2036 – 2041

### Government Regulation

We are subject to federal licensing requirements with respect to the sale of some of our products in foreign countries. In addition, we are obligated to comply with a variety of federal, state and local regulations, both domestically and abroad, governing certain aspects of our operations and workplace.

The export of certain of our products from the U.S. is subject to various U.S. regulations, including laws and regulations relating to import-export controls, technology transfers, the International Traffic in Arms Regulations (“ITAR”), and the Export Administration Regulations (“EAR”). More specifically, to export some of our products in accordance with ITAR or EAR, we must obtain export authorizations or licenses from the U.S. government, primarily the U.S. Department of State for ITAR and the U.S. Department of Commerce for EAR. Also, the Arms Export Control Act of 1976 (“AECA”) requires that a certification be provided to the U.S. Congress prior to the granting of any license or other approval for certain transactions involving exports of any defense articles and defense services and for exports of major defense equipment.

Our business in Canada is subject to the Canadian Controlled Good Directorate Registration regime, which regulates commerce in controlled goods, meaning those that require a license to export, including ITAR items.

We are also subject to the Foreign Corrupt Practices Act (“FCPA”) along with similar anti-corruption laws worldwide which prohibit improper payments to foreign governments and their officials by U.S. and other business entities.

The transportation of certain of our products is subject to U.S. Department of Transportation Hazardous Material Regulations (“HMR”), which govern the transportation of hazardous materials in interstate, intrastate, and foreign commerce. Prior to transportation into and within the United States, explosives must be tested and classified by the U.S. Department of Transportation.

Domestically, the manufacture, sale, and purchase of certain products are subject to extensive federal, state, and local governmental regulation, with the primary regulatory body being the U.S. Bureau of Alcohol, Firearms, and Explosives (“ATF”). The primary federal laws are the National Firearms Act of 1934 (“NFA”), the Gun Control Act of 1968 (“GCA”) and the AECA. Among other things, the ATF conducts periodic audits of our facilities that hold Federal Firearms Licenses.

The Federal Acquisition Regulation (“FAR”) governs the majority of our contracts with U.S. federal agencies, mandating uniform policies and procedures across agencies and with each agency supplementing the FAR as needed. For example, the U.S. Department of Defense implements the FAR through the Defense Federal Acquisition Regulation Supplement (“DFARS”). Finally, agencies routinely audit and review government contractors for performance and compliance with applicable laws, regulations, and standards.

In addition, like many other manufacturers, we are subject to compliance with the Fair Labor Standards Act (“FLSA”), the Occupational Safety and Health Act (“OSHA”), data privacy laws, and many other regulations surrounding employment law, environmental law, taxation, and consumer protection.

## **Legal Proceedings**

From time to time, we are subject to legal proceedings and claims that arise in the ordinary course of business, as well as governmental and other regulatory investigations and proceedings. In addition, third parties from time to time assert claims against us in the form of letters and other communications. We are not currently a party to any legal proceedings that, if determined adversely to us, would, in our opinion, have a material adverse effect on our business, financial condition, results of operations, or cash flows. Future litigation may be necessary to defend ourselves and our business partners and to determine the scope, enforceability, and validity of third-party proprietary rights, or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

In March 2020, the Company settled an administrative enforcement action filed by the U.S. Federal Trade Commission (“FTC”) relating to Company’s sale of VieVu, LLC to Axon Enterprise Inc. (“Axon”) wherein the FTC alleged that the operative agreements contained non-compete and non-solicitation provisions in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18. The FTC’s administrative complaint sought only injunctive relief against the Company to enjoin the enforcement of these provisions, now and in the future, and did not seek monetary damages against the Company. In January 2020, the Company and Axon had rescinded these provisions. Pursuant to a consent agreement and proposed consent order entered into by the FTC and

the Company, on June 11, 2020, the FTC issued a Decision and Order accepting the Consent Agreement (the “Order”). Under the Order, the Company agreed to not modify and reinstate the rescinded provisions and to not enter into any new similar provisions with Axon, absent prior approval from the FTC. In addition, as part of the Company’s compliance program, the Order imposes an obligation to distribute to, and train the directors and officers on, the requirements of the consent order and to report annually for five years to the FTC ensuring compliance with the consent order. On June 11, 2021, the Company filed its second Interim Verified Compliance Report as required by the Order.

In June 2020, the Company received a Civil Investigative Demand (“CID”) from the United States Department of Justice (“DOJ”), Western District of Washington (Seattle, WA), pertaining to an investigation with regard to the False Claims Act, 31 U.S.C. sections 3729-3733 (“FCA”), concerning allegations that soft body armor vest accessory panels sold by the Company are falsely labeled as compliant with the National Institute of Justice performance standards. In September 2020, the Company made its First Production of Documents which contained only documents and data that had been deemed to be of a “priority” nature pursuant to an agreement reached between the Company’s counsel and the Assistant U.S. Attorney handling the matter. There has been no further communication or production of documents with the U.S. Attorney’s Office since September 2020. At this preliminary stage of the investigation, the Company does not have enough information to make an evaluation of the merits, exposure or potential risks regarding this matter.

On June 10, 2021, two subcommittees of the U.S. House Committee on Oversight and Reform initiated an inquiry into the safety of crowd control products. Major U.S. manufacturers of crowd control products, including us, received a letter from the subcommittees requesting information and documents about the production, sale, safety, and regulation of crowd control products. The Company is in the process of providing information to the subcommittees. The implementation of additional regulations governing the sale of crowd control products would not be expected to have a material effect on our business.

### **Environmental Laws and Regulations**

Our operations are subject to a variety of federal, state, and local laws and regulations relating to environmental protection, including those governing the discharge, treatment, storage, transportation, remediation, and disposal of hazardous materials and wastes; the restoration of damages to the environment; and health and safety matters. We have an excellent workplace safety track record and believe that our operations are in material compliance with these laws and regulations. We incur expenses in complying with environmental requirements and could incur higher costs in the future as a result of more stringent requirements that may be enacted in the future.

### **Impact of COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this prospectus. During 2020 and the first quarter of 2021, the financial results of our business were unaffected by COVID-19. In all countries and states in which our business operates, the relevant local authorities have deemed the business to be essential in nature and thereby allowed us to continue operations during any government mandated shutdowns. The business has taken many measures to ensure there is no outbreak in any of its facilities that would negatively impact the business. The extent to which the Company’s business may be affected by the COVID-19 pandemic will largely depend on both current and future developments, including its duration, spread and treatment, all of which are highly uncertain and cannot be reasonably predicted.

## MANAGEMENT

**Directors and Executive Officers**

Our directors and executive officers as of the date of this prospectus are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
<b>Executive Officers:</b>		
Warren B. Kanders	63	Chief Executive Officer
Brad Williams	47	President
Blaine Browsers	42	Chief Financial Officer
<b>Directors:</b>		
Warren B. Kanders	63	Director
Hamish Norton	62	Director
Nicholas Sokolow	71	Director
William Quigley	60	Director

**Executive Officers**

**Warren B. Kanders**, 63, has served as our Chief Executive Officer and as one of our directors since April 2012. Since June 2002 and December 2002, respectively, Mr. Kanders has served as a director and as Executive Chairman of Clarus Corporation, a NASDAQ listed company focused on the outdoor and consumer industries. From January 1996 until its sale to BAE Systems plc (“BAE Systems”) on July 31, 2007, Mr. Kanders served as the Chairman of the Board of Directors, and from April 2003 as the Chief Executive Officer, of Armor Holdings, Inc. (“Armor Holdings”), formerly a New York Stock Exchange-listed company and a manufacturer and supplier of military vehicles, armored vehicles, and safety and survivability products and systems to the aerospace and defense, public safety, homeland security, and commercial markets. Mr. Kanders received an A.B. degree in Economics from Brown University. Based upon Mr. Kanders’ role as Chief Executive Officer of the Company, service as a chairman and a director of a wide range of other public companies, financial background and education, as well as his extensive investment, capital raising, acquisition and operating expertise, the Company believes that Mr. Kanders has the requisite set of skills to serve as a Board member of the Company.

**Brad Williams**, 47, was appointed Chief Operating Officer in March 2017 and promoted to President in 2019. Prior to joining the Company, Mr. Williams served in various roles of increasing responsibility at IDEX Corporation from June 2010 to March 2017, including President, Material Processing Technologies Group, President, Energy & Fuels Midstream Group and Vice President & General Manager, Toptech Systems. Prior to IDEX Corporation, Mr. Williams held various positions within Danaher Corporation and Ingersoll-Rand Company. Mr. Williams received a MBA from Kelley School of Business — Indiana University, a M.S. in Industrial & Systems Engineering from Virginia Polytechnic Institute & State University, and a B.S. in Engineering Science & Mechanics from Virginia Polytechnic Institute & State University.

**Blaine Browsers**, 42, was appointed as our Chief Financial Officer in May 2018. Prior to joining the Company, Mr. Browsers served in various roles of increasing responsibility at IDEX Corporation from September 2010 to April 2018, including Group Vice President Finance & IT — Fire and Safety, Group Vice President Finance & IT — BAND-IT, IDEX Optics & Photonics and Micropump, Vice President Finance & IT, BAND-IT, and Finance Manager Northeast. Prior to IDEX Corp. Mr. Browsers held various positions within General Electric Co. Mr. Browsers received a B.A. in Finance from University of South Florida and an MBA from Washington University in St. Louis.

**Non-Management Directors**

**Hamish Norton**, 62, has served as one of our directors since October 2012. Since July 2014, Mr. Norton has been the President of Star Bulk Carriers Corp., a NASDAQ listed company focused on global shipping in the dry bulk sector. Mr. Norton has over 28 years of experience as an investment banker advising companies on capital market as well as merger and acquisition matters. Mr. Norton received an A.B. in

physics from Harvard College and Ph.D. in physics from the University of Chicago. Based upon Mr. Norton's education and extensive experience as an investment banker advising companies on capital market as well as merger and acquisition matters, the Company believes that Mr. Norton has the requisite set of skills to serve as a Board or Board committee member of the Company.

**Nicholas Sokolow**, 70, has served as one of our directors since July 2012. Since June 2002, Mr. Sokolow has served as a director and has been designated as the "lead independent director" since June 2016 of Clarus Corporation, a NASDAQ listed company focused on the outdoor and consumer industries. From January 1996 until its sale to BAE Systems on July 31, 2007, Mr. Sokolow served as a member of the Board of Directors of Armor Holdings. Mr. Sokolow served as a member of the Board of Directors of Stamford Industrial Group, Inc. from October 2006 until September 2009. From 2007 until December 31, 2014, Mr. Sokolow practiced law at the firm of Lebow & Sokolow LLP. From 1994 to 2007, Mr. Sokolow was a partner at the law firm of Sokolow, Carreras & Partners. From June 1973 until October 1994, Mr. Sokolow was an associate and partner at the law firm of Coudert Brothers. Mr. Sokolow graduated with Economics and Finance degrees from the Institut D'Etudes Politiques, a Law degree from the Faculte de Droit and a Masters of Comparative Law degree from the University of Michigan. Mr. Sokolow is also an honorary member of the French Bar. Based upon Mr. Sokolow's role as the chairperson of the compensation committee and the nominating/corporate governance committee of the Company's Board of Directors, education, legal background involving mergers and acquisitions, corporate governance expertise and extensive experience serving as a member of the boards of directors and committees of other public companies, the Company believes that Mr. Sokolow has the requisite set of skills to serve as a Board or Board committee member of the Company.

**William Quigley**, 60, has served as one of our directors since February 2016 and Chairman of the audit committee of our Board of Directors since March 2016. Since June 2016, Mr. Quigley has been the Senior Vice President and Chief Financial Officer of Nexteer Automotive Group Limited, a tier one automotive supplier operating from 27 manufacturing facilities and three global technical centers with over 13,000 employees. From March 2012 to March 2016, Mr. Quigley was the Executive Vice President and Chief Financial Officer of Dana Holding Corporation and from March 2007 to October 2011 was the Executive Vice President and Chief Financial Officer of Visteon Corporation. Mr. Quigley received a B.A. from Michigan State University and is a Certified Public Accountant. Based upon Mr. Quigley's role as the Chairman of the audit committee of the Company's Board of Directors, education and extensive financial and accounting experiences, the Company believes that Mr. Quigley has the requisite set of skills to serve as a Board or Board committee member of the Company.

#### **Board Composition and Election of Directors**

Each of Mr. Nate Ward and Mr. Roger Werner, two members of our board of directors, have advised the Company of their intention to submit their respective resignations from the board of directors, effective immediately prior to the completion of this offering. Upon the completion of this offering, our board of directors will consist of four directors, with each director being elected to serve until the next annual meeting of stockholders and until their respective successors have been duly elected and qualified. All elections for the board of directors will be decided by a plurality of the votes cast by the stockholders entitled to vote on such matter.

#### *Director Independence*

Our board of directors has determined that each of our non-employee directors, Nicholas Sokolow, Hamish Norton and William Quigley, satisfy the criteria for independence under NYSE listing rules for independence of directors and of committee members. In addition, each of the members of our audit committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the test under NYSE listing rules for independence of board and committee members. We currently have a fully independent compensation committee, nominating/corporate governance committee, and audit committee.

#### *Stockholder Communications*

Stockholders may send communications to our board of directors or any committee thereof by writing to the board of directors or any committee thereof at Cadre Holdings, Inc., Attention: Secretary, 13386

International Pkwy, Jacksonville, FL 32218. The Secretary will distribute all stockholder communications to the intended recipients and/or distribute to the entire board of directors, as appropriate.

In addition, stockholders may also contact the non-management directors as a group or any individual director by writing to the non-management directors or the individual director, as applicable, at Cadre Holdings, Inc., 13386 International Pkwy, Jacksonville, FL 32218.

#### *Complaint Procedures*

Complaints and concerns about accounting, internal accounting controls or auditing or related matters pertaining to the Company may be submitted by writing to the Chairman of the Audit Committee as follows: Cadre Holdings, Inc., Attention: Chairman of the Audit Committee, 13386 International Pkwy, Jacksonville, FL 32218. Complaints may be submitted on a confidential and anonymous basis by sending them in a sealed envelope marked "Confidential."

#### **Board Committees**

Our board of directors has established an audit committee, a compensation committee, and a nominating/corporate governance committee. Each of the committees reports to the board of directors as they deem appropriate, and as the board of directors may request. The composition, duties and responsibilities of these committees are set forth below. In the future, our board of directors may establish other committees, as it deems appropriate, to assist it with its responsibilities.

#### *Audit Committee*

The audit committee is responsible for, among other matters, assisting the board of directors in fulfilling the board of directors' oversight responsibility relating to: the quality and integrity of our financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of our internal audit function; the independent auditors' qualifications, independence, performance and compensation; and our compliance with ethics policies and legal and regulatory requirements.

Our audit committee consists of Messrs. Quigley, Sokolow, and Norton, and Mr. Quigley serves as the chairperson. Our board of directors has determined that Mr. Quigley qualifies as an "audit committee financial expert," as such term is defined in Item 407(d) of Regulation S-K. All three of Messrs. Quigley, Sokolow, and Norton have been determined to be "independent" for purposes of Rule 10A-3 of the Exchange Act and under the listing standards of the NYSE.

#### *Compensation Committee*

The compensation committee is responsible for, among other matters, reviewing key employee compensation goals, policies, plans and programs; reviewing and approving the compensation of our chief executive officer and other executive officers; reviewing and approving employment agreements and other similar arrangements between us and our executive officers; and administering our stock plans and other incentive compensation plans.

Our compensation committee consists of Messrs. Norton and Sokolow. Mr. Norton serves as the chairperson.

#### *Nominating/Corporate Governance Committee*

Our nominating/corporate governance committee is responsible for, among other matters, identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors; overseeing the organization of our board of directors to discharge the board of directors' duties and responsibilities properly and efficiently; identifying best practices and recommending corporate governance principles; reviewing and approving any transaction between us and any related person (as defined in Item 404 of Regulation S-K); reviewing and approving the compensation of our non-employee directors; and developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to us.

Our nominating/corporate governance committee consists of Messrs. Sokolow and Norton. Mr. Sokolow serves as the chairperson.

### **Leadership Structure and Risk Oversight**

Our independent directors expect to hold executive sessions at which only independent directors are present in connection with regularly scheduled board meetings, but no less than twice a year.

Our board of directors monitors our exposure to a variety of risks through our audit committee. Our audit committee charter gives the audit committee responsibilities and duties that include discussing with management, the internal audit department and the independent auditors our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies.

Our board of directors will adopt, effective prior to the completion of this offering, corporate governance guidelines that provide that one of our independent directors will serve as our lead independent director. Our board of directors have appointed Mr. Sokolow to serve as our lead independent director. As lead independent director, Mr. Sokolow presides over periodic meetings of our independent directors, serves as a liaison between the chairperson of our board of directors and the independent directors and performs such additional duties as our board of directors may otherwise determine and delegate.

### **Compensation Committee Interlocks and Inside Participation**

None of the members of our compensation committee is or has at any time during the past year been an officer or employee of ours. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

### **Code of Business Conduct and Ethics**

We have adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors, including those officers responsible for financial reporting. These standards are designed to deter wrongdoing and to promote honest and ethical conduct. The code of business conduct and ethics and the written charters for the audit committee, compensation committee and corporate governance and nominating committee will be available on our website. The information that appears on our website is not part of, and is not incorporated into, this prospectus.

None of our directors or executive officers, nor any associate of such individual, is involved in a legal proceeding adverse to us or any of our subsidiaries or our joint ventures.

### **Controlled Company Exemption**

After the completion of this offering, Warren B. Kanders will continue to beneficially own shares representing more than 50% of the voting power of our shares eligible to vote in the election of directors. As a result, we will be a “controlled company” within the meaning of the corporate governance standards of the NYSE. Under these corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance standards, including the requirements (1) that a majority of our board of directors consists of independent directors, (2) that our board of directors has a compensation committee that is comprised entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (3) that our board of directors has a nominating/corporate governance committee that is comprised entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

If we were to rely on any of the above-stated exemptions, you may not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. However, following this offering, we do not intend to utilize any of the corporate governance exemptions for a “controlled company”. Furthermore, in the event that we cease to be a “controlled company” and our shares continue to be listed on the NYSE, we will be required to comply with these NYSE corporate governance standards.



## EXECUTIVE AND DIRECTOR COMPENSATION

## Summary Compensation Table

This discussion contains forward looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. As an “emerging growth company” as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

The following table provides information regarding the total compensation for services rendered in all capacities that was earned by our principal executive officer, our principal financial officer and our two other most highly compensated executive officers who were serving as executive officers as of December 31, 2020. These individuals are considered our named executive officers for 2020.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Deferred Compensation Earnings	Non-qualified Deferred Compensation Earnings	Other Compensation (\$)	Total (\$)
Warren B. Kanders	2020	1,000,000	700,000	—	—	—	—	74,562 <sup>(1)</sup>	1,774,562
Brad Williams	2020	445,693	540,338	—	—	—	—	29,558 <sup>(2)</sup>	1,015,589
Blaine Browers	2020	334,954	402,112	—	—	—	—	33,097 <sup>(3)</sup>	770,163

- (1) “Other Compensation” amount for Mr. Kanders in 2020 consists of \$51,923 unallocated expense reimbursement, \$9,814 for life insurance and AD&D, and \$12,825 for 401(k) matching contributions.
- (2) “Other Compensation” amount for Mr. Williams in 2020 consists of 8,953 for 401(k) matching contributions, \$17,948 for Company paid portion of health care, \$2,657 for AD&D and other wellness.
- (3) “Other Compensation” amount for Mr. Browers in 2020 consists of \$12,825 for 401(k) matching contributions, \$17,948 for Company paid portion of health care, \$2,324 for AD&D and other wellness.

## Narrative Disclosure to Summary Compensation Table

## Employment Arrangements with our Named Executive Officers

## Kanders Employment Agreement

On July 9, 2021, the Company and Warren B. Kanders entered into an Employment Agreement (the “Kanders Employment Agreement”), which provides for Mr. Kanders’ employment as Chief Executive Officer and Executive Chairman of the Company’s board of directors (the “Board”), for a term to commence and be effective only upon the completion of the Company’s initial public offering of shares of its common stock provided that Mr. Kanders remains in the employ of the Company and the Kanders Employment Agreement has not been terminated as of such date (the “Commencement Date”), and to terminate on the fifth anniversary of the Commencement Date, subject to earlier termination as provided therein. The Kanders Employment Agreement shall automatically terminate prior to the Commencement Date (x) if Mr. Kanders is not employed by the Company at any time between the date of the Kanders Employment Agreement and the Commencement Date, or (y) if the Company does not complete its initial public offering on or before September 30, 2021. Mr. Kanders is entitled to an annual base salary of \$1,250,000, subject to annual review by the Compensation Committee of the Board as more particularly provided in the Kanders Employment Agreement.

In addition to any other bonuses that the Compensation Committee of the Board may award to Mr. Kanders in their sole discretion, Mr. Kanders is entitled to receive a minimum cash bonus of 100% of his annual base salary in each year of the term so long as the Company achieves the Company’s target for earnings before interest, taxes, depreciation and amortization (“EBITDA”), as computed by the Company on a consistent basis for such year as reflected in the annual budget approved by the Board (the “Annual Bonus”). In the sole discretion of the Compensation Committee and the Board, any Annual Bonus may be

increased based on performance to a target level of 200% of Mr. Kanders annual base salary; provided that the Compensation Committee and the Board in their discretion may further adjust the Annual Bonus based upon performance.

Mr. Kanders will also be entitled, at the sole and absolute discretion of the Company's Board or the Compensation Committee, to participate in other bonus plans of the Company, including but not limited to the Company's 2021 Stock Incentive Plan (the "2021 Incentive Plan"). Furthermore, and without limiting the foregoing, on the Commencement Date, the Company shall issue to Mr. Kanders 2,000,000 restricted shares of common stock (the "Kanders Restricted Stock"), which shall be subject to the following vesting and lapse of restrictions on such Kanders Restricted Stock:

(A) The Kanders Restricted Stock shall vest upon the achievement of a closing price of at least \$40.00 per share of common stock on the New York Stock Exchange or other national or regional stock exchange on which such securities are then listed for a period of twenty (20) consecutive trading days;

(B) Any shares not vested based on the foregoing closing share price of common stock prior to the tenth anniversary of the Commencement Date shall be forfeited and be null and void; and

(C) The vesting, and/or forfeiture, of the Kanders Restricted Stock, may be accelerated in accordance with the terms of the Kanders Employment Agreement.

During the term of the Kanders Employment Agreement, in addition to being entitled to participate in the Company's medical insurance and other fringe benefit plans or policies as the Company may make available to, or have in effect for, its personnel with commensurate duties from time to time, Mr. Kanders shall receive, at the Company's expense: (i) the assistance of the Company's tax advisors in regard to personal tax planning and preparing personal income tax returns; and (ii) a split-dollar life insurance policy, or equivalent, on Mr. Kanders in the amount of \$10,000,000 payable to such beneficiaries as Mr. Kanders shall select. Furthermore, the Company will make available armed security personnel or other means in order to ensure the security of Mr. Kanders, as well as his family and property. For additional security purposes, during the term, so long as the Company (or one of its subsidiaries) has any right to use a private jet aircraft, Mr. Kanders shall use such aircraft for business purposes, and the Company will make available such aircraft to Mr. Kanders for up to one hundred flight hours per year for personal use.

The Kanders Employment Agreement contains confidentiality obligations as well as a non-competition covenant effective during the term of his employment and for a period of eighteen months after the expiration, or three years after the termination, of the Kanders Employment Agreement.

Upon the termination of the Kanders Employment Agreement by Mr. Kanders or the Company or its successor or assigns within two years following the occurrence of a "change in control" of the Company (other than a termination by the Company for cause during such period), due to Mr. Kanders' death, by the Company due to Mr. Kanders' permanent disability, by the Company without cause, by Mr. Kanders for Good Reason (which includes the Company's uncured breach of any material provision of the Kanders Employment Agreement, any material diminution in the authority or responsibilities delegated to Mr. Kanders, or any reduction in Mr. Kanders' annual base salary), or if the Company, or its applicable successors and assigns, does not offer to renew the Kanders Employment Agreement upon expiration of the term on substantially similar terms (each a "Section 4(g) Termination"), Mr. Kanders, or his duly appointed representative shall be entitled to receive, in one lump sum within thirty days of such termination: (a) three times the sum of (i) his highest annual base salary, plus (ii) the Annual Bonus for such year, in each case since January 1, 2019; plus (b) the amount of any accrued Annual Bonus; however, if Mr. Kanders is terminated without cause or he terminates the Kanders Employment Agreement for Good Reason, any accrued Annual Bonus shall be payable only to the extent that the applicable performance targets for the year of termination are actually achieved; plus (c) except in the case of Mr. Kanders' death or permanent disability, five times the greatest annual amount of the full cost of maintaining his principal office; provided, however, that in the event of a change in control, if the Company or the acquiror requests Mr. Kanders to provide consulting services described in the Kanders Employment Agreement, then the lump sum payment described above shall be payable upon the expiration of such consulting period, and during such consulting period, Mr. Kanders will be entitled to a consulting fee equal to what he would have otherwise been entitled to be paid under the Kanders Employment Agreement during such period.

In the event of a Section 4(g) Termination, the following shall occur, and be provided or made available to Mr. Kanders at the times specified: (i)(A) all of Mr. Kanders' benefits accrued under any employee pension, retirement, savings and deferred compensation plans of the Company shall become vested in full upon the date of such Section 4(g) Termination (other than with respect to unvested stock options, restricted stock and other equity or equity-based awards, the terms of which are separately addressed in the next succeeding clause); (B) any and all unvested stock options, restricted stock and other equity or equity-based awards (including, but not limited to, the Kanders Restricted Stock) shall immediately vest as of the date of such Section 4(g) Termination; and (C) amounts which are vested or which Mr. Kanders is otherwise entitled to receive under the terms of or in accordance with any plan, policy, practice or program of, or any contract or agreement with, the Company or any of its subsidiaries, on or after his termination without regard to the performance by Mr. Kanders of further services or the resolution of a contingency shall be payable in accordance with the terms of the plan, policy, practice, program, contract or agreement under which such benefits have been awarded or accrued. Furthermore, the benefits set forth in clause (C), which are applicable to Mr. Kanders, shall also be payable to Mr. Kanders in the event he is terminated for cause, or if Mr. Kanders terminates this Agreement without Good Reason; (ii) Mr. Kanders (and any of his dependents) will be entitled to continue participation in all of the Company's health benefit plans, for the period for which Mr. Kanders could elect COBRA continuation coverage under the Company's health benefit plans as a result of his termination; (iii) Mr. Kanders will be entitled to continued personal use of the Company owned or leased aircraft, not to exceed one hundred hours in any calendar year, at the Company's sole cost and expense until the third anniversary of termination; provided, that, at Mr. Kanders' option, in lieu of the foregoing use of the aircraft, Mr. Kanders will be entitled to purchase any Company-owned aircraft from the Company within seventy-five days of his termination at its then-depreciated book value; (iv) Mr. Kanders will have the right to have the Company's (or applicable subsidiary's) office lease that is used by Mr. Kanders assigned to him, and the Company will pay the lease payments for a period of five years from the date of such termination, and Mr. Kanders shall have the right to purchase any fixed assets in connection therewith (including but not limited to automobiles) that he enjoyed the use of during the term at such assets' then-depreciated book value. Notwithstanding anything to the contrary otherwise provided in the Kanders Employment Agreement, in the event of any Section 4(g) Termination, all grants of stock options and common stock granted under the Kanders Employment Agreement shall vest and become immediately exercisable and saleable and any lock-up provisions applicable thereto, or to any options granted to the Mr. Kanders, shall terminate.

In the event that the Kanders Employment Agreement is terminated by the Company with cause, or by Mr. Kanders unless such termination constitutes a Section 4(g) Termination, all unvested grants of stock options and common stock under the Kanders Employment Agreement shall terminate and be null and void.

Upon the termination of the Kanders Employment Agreement by the Company for cause, or by Mr. Kanders (except for Good Reason or upon his death or disability), Mr. Kanders shall be entitled to receive by wire transfer of immediately available funds, in one lump sum, within five business days of such termination, any then-accrued and unpaid portion of the annual base salary.

In the event that Mr. Kanders fails to comply with any of his obligations under the Kanders Employment Agreement, including, without limitation, the confidentiality and non-compete provisions, Mr. Kanders will be required to repay any payments or benefits received by him as a result of a Section 4(g) Termination as of the date of such failure to comply and he will have no further rights in or to such payments payable to him pursuant to the Kanders Employment Agreement. All payments and benefits provided under the Kanders Employment Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

The Kanders Employment Agreement contains provisions designed to reduce (but not below 0) any payments otherwise required to be paid to Mr. Kanders if the same would result in the imposition of an excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), to the minimum extent necessary so that such excise tax is not imposed. The Kanders Employment Agreement also contains provisions intended to comply with Section 409A of the Code.

The foregoing description of the Kanders Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Kanders Employment Agreement, which is included as an exhibit to the registration statement of which this prospectus forms a part.

### Williams Employment Agreement

On July 9, 2021, the Company and Brad Williams entered into an Employment Agreement (the “Williams Employment Agreement”), which provides for Mr. Williams’ employment as President of the Company for a term to commence and be effective only upon the completion of the Company’s initial public offering of shares of its common stock provided that Mr. Williams remains in the employ of the Company and the Williams Employment Agreement has not been terminated as of such date (the “Commencement Date”), and to terminate on the third anniversary of the Commencement Date, subject to earlier termination as provided therein. The Williams Employment Agreement shall automatically terminate prior to the Commencement Date (x) if Mr. Williams is not employed by the Company at any time between the date of the Williams Employment Agreement and the Commencement Date, or (y) if the Company does not complete its initial public offering on or before September 30, 2021. Mr. Williams is entitled to an annual base salary of \$457,000.

In addition, at the sole and absolute discretion of the Company’s board of directors or the compensation committee of the Company’s board of directors, Mr. Williams is entitled to receive annual performance bonuses, which may be based upon a variety of qualitative and quantitative factors, of up to 100% of Mr. Williams’ annual base salary. As provided in the Williams Employment Agreement, (1) on March 18, 2021, Mr. Williams received 5,220 Phantom Shares under the Phantom Plan, which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the Phantom Plan and Mr. Williams’ award agreement thereunder, (2) on March 15, 2021, Mr. Williams received under the LTIP Plan a LTIP Award of \$442,900 and another award agreement of even date therewith, of an additional \$442,900, each of which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the LTIP Plan and the related respective award agreements thereunder. Mr. Williams will also be entitled, at the sole and absolute discretion of the Company’s board of directors or the compensation committee of the Company’s board of directors, to participate in other bonus plans of the Company, including but not limited to the 2021 Incentive Plan.

Furthermore, and without limiting the foregoing, on the Commencement Date, the Company shall issue to Mr. Williams 200,000 restricted shares of common stock (the “Williams Restricted Stock”), which shall be subject to the vesting and lapse of restrictions on such Williams Restricted Stock based on the timing set forth below:

- (A) The Williams Restricted Stock shall vest upon the achievement of both: (i) a closing price of at least \$40.00 per share of common stock on the New York Stock Exchange or other national or regional stock exchange on which such securities are then listed for a period of twenty (20) consecutive trading days, and (ii) Mr. Williams having been continuously employed by the Company for a period of five years from and after the Commencement Date;
- (B) Any shares not vested based on the foregoing closing share price of common stock prior to the tenth anniversary of the Commencement Date shall be forfeited and be null and void; and
- (C) The forfeiture of the Williams Restricted Stock may be accelerated in accordance with the terms of the Williams Employment Agreement, provided that, notwithstanding any provision in the Williams Employment Agreement to the contrary, the vesting of the Williams Restricted Stock shall not be accelerated unless and until the conditions set forth in clause (A) above are satisfied.

The Williams Employment Agreement also contains confidentiality obligations as well as a non-competition covenant and non-interference (relating to the Company’s customers), non-solicitation (relating to the Company’s employees) and non-disparagement provisions effective during the term of his employment and for a period of two years after the termination of his employment with the Company.

In the event that Mr. Williams’ employment is terminated as a result of his death or disability, Mr. Williams or his estate will, subject to the provisions of the Williams Employment Agreement, be generally entitled to receive his accrued base salary through the date of such termination and earned but unpaid annual incentive bonus prorated for the portion of the year in which such termination occurred and all granted but unvested stock options and all unvested restricted stock (but not including the Williams Restricted Stock) shall immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded. In the event that Mr. Williams’

employment is terminated by the Company for “cause” (as defined in the Williams Employment Agreement), Mr. Williams will, subject to the provisions of the Williams Employment Agreement, be entitled to receive his accrued base salary through the date of such termination. In addition, all stock options, whether vested or unvested, and granted but unvested restricted stock will be null and void (and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded) except that, in the event that Mr. Williams is terminated as a result of his failure to perform any reasonable directive of the Company’s board of directors, he will be entitled to retain any vested stock options.

In the event that Mr. Williams’ employment is terminated by the Company without “cause” (as defined in the Williams Employment Agreement), Mr. Williams will, subject to the provisions of the Williams Employment Agreement, be entitled to receive an amount equal to one year of his base salary and reimbursement of any COBRA premium payments made by Mr. Williams during such one-year period, in each case payable in accordance with the Company’s normal payroll practices, provided that Mr. Williams executes a separation agreement and general release agreement that is satisfactory to the Company. In addition, all granted but unvested stock options and all unvested restricted stock (but not including the Williams Restricted Stock) will immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded.

In the event that Mr. Williams’ employment is terminated by Mr. Williams other than as a result of a “change in control” (as defined in the Williams Employment Agreement), Mr. Williams will, subject to the provisions of the Williams Employment Agreement, generally be entitled to receive his accrued base salary and benefits through the date of such termination. In addition, all granted but unvested stock options and all unvested restricted stock will be null and void, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded.

In the event that Mr. Williams’ employment is terminated by either party within 30 days of a “change in control”, Mr. Williams will, subject to the provisions of the Williams Employment Agreement, generally be entitled to receive an amount equal to one year of his base salary payable in one lump sum within five business days after such termination and reimbursement of any COBRA premium payments made by Mr. Williams during such one-year period; provided that Mr. Williams executes a separation agreement and general release agreement that is satisfactory to the Company, and provided further that, in the event the Company or the acquiror requests Mr. Williams to provide consulting services described in the Williams Employment Agreement, then the lump sum payment of an amount equal to one year of his base salary shall be payable upon the expiration of such consulting period, and during such consulting period, Mr. Williams will be entitled to a consulting fee equal to what he would have otherwise been entitled to be paid under the Williams Employment Agreement during such period. In addition, all granted but unvested stock options and all unvested restricted stock (but not including the Williams Restricted Stock) shall immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded.

In the event that Mr. Williams fails to comply with any of his obligations under the Williams Employment Agreement, including, without limitation, the non-competition covenant and the non-interference, nonsolicitation and non-disparagement provisions, Mr. Williams will be required to repay the one year of base salary paid to him pursuant to the Company termination without cause or change in control provisions of the Williams Employment Agreement as of the date of such failure to comply and he will have no further rights in or to such payments payable to him pursuant to the Williams Employment Agreement. All payments and benefits provided under the Williams Employment Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

The Williams Employment Agreement contains provisions designed to reduce (but not below 0) any payments otherwise required to be paid to Mr. Williams if the same would result in the imposition of an excise tax under Section 4999 of the Code to the minimum extent necessary so that such excise tax is not imposed. The Williams Employment Agreement also contains provisions intended to comply with Section 409A of the Code.

The foregoing description of the Williams Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Williams Employment Agreement, which is included as an exhibit to the registration statement of which this prospectus forms a part.

### **Browsers Employment Agreement**

On July 9, 2021, the Company and Blaine Browsers entered into an Employment Agreement (the “Browsers Employment Agreement”), which provides for Mr. Browsers’ employment as the Chief Financial Officer of the Company for a term to commence and be effective only upon the completion of the Company’s initial public offering of shares of its common stock provided that Mr. Browsers remains in the employ of the Company and the Browsers Employment Agreement has not been terminated as of such date (the “Commencement Date”), and to terminate on the third anniversary of the Commencement Date, subject to earlier termination as provided therein. The Browsers Employment Agreement shall automatically terminate prior to the Commencement Date (x) if Mr. Browsers is not employed by the Company at any time between the date of the Browsers Employment Agreement and the Commencement Date, or (y) if the Company does not complete its initial public offering on or before September 30, 2021. Mr. Browsers is entitled to an annual base salary of \$340,000.

In addition, at the sole and absolute discretion of the Company’s board of directors or the compensation committee of the Company’s board of directors, Mr. Browsers is entitled to receive annual performance bonuses, which may be based upon a variety of qualitative and quantitative factors, of up to 100% of Mr. Browsers’ annual base salary. As provided in the Browsers Employment Agreement, (1) on March 18, 2021, Mr. Browsers received 3,320 Phantom Shares under the Phantom Plan, which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the Phantom Plan and Mr. Browsers’ award agreement thereunder, (2) on March 15, 2021, Mr. Browsers received under the LTIP Plan an LTIP Award of \$329,600 and another award agreement of even date therewith, of an additional \$329,600, each of which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the LTIP Plan and the related respective award agreements thereunder. Mr. Browsers will also be entitled, at the sole and absolute discretion of the Company’s board of directors or the compensation committee of the Company’s board of directors, to participate in other bonus plans of the Company, including but not limited to the 2021 Incentive Plan. Furthermore, and without limiting the foregoing, on the Commencement Date, the Company shall issue to Mr. Browsers 150,000 restricted shares of common stock (the “Browsers Restricted Stock”), which shall be subject to the vesting and lapse of restrictions on such Browsers Restricted Stock based on the timing set forth below:

(A) The Browsers Restricted Stock shall vest upon the achievement of both: (i) a closing price of at least \$40.00 per share of common stock on the New York Stock Exchange or other national or regional stock exchange on which such securities are then listed for a period of twenty (20) consecutive trading days, and (ii) Mr. Browsers having been continuously employed by the Company for a period of five years from and after the Commencement Date;

(B) Any shares not vested based on the foregoing closing share price of common stock prior to the tenth anniversary of the Commencement Date shall be forfeited and be null and void; and

(C) The forfeiture of the Browsers Restricted Stock may be accelerated in accordance with the terms of the Browsers Employment Agreement, provided that, notwithstanding any provision in the Browsers Employment Agreement to the contrary, the vesting of the Restricted Stock shall not be accelerated unless and until the conditions set forth in clause (A) above are satisfied.

The Browsers Employment Agreement also contains confidentiality obligations as well as a non-competition covenant and non-interference (relating to the Company’s customers), non-solicitation (relating to the Company’s employees) and non-disparagement provisions effective during the term of his employment and for a period of two years after the termination of his employment with the Company.

In the event that Mr. Browsers’ employment is terminated as a result of his death or disability, Mr. Browsers or his estate will, subject to the provisions of the Browsers Employment Agreement, be generally entitled to receive his accrued base salary through the date of such termination and earned but unpaid annual incentive bonus prorated for the portion of the year in which such termination occurred and all granted but unvested

stock options and all unvested restricted stock (but not including the Browers Restricted Stock) shall immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded. In the event that Mr. Browers' employment is terminated by the Company for "cause" (as defined in the Browers Employment Agreement), Mr. Browers will, subject to the provisions of the Browers Employment Agreement, be entitled to receive his accrued base salary through the date of such termination. In addition, all stock options, whether vested or unvested, and granted but unvested restricted stock will be null and void (and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded) except that, in the event that Mr. Browers is terminated as a result of his failure to perform any reasonable directive of the Company's board of directors, he will be entitled to retain any vested stock options.

In the event that Mr. Browers' employment is terminated by the Company without "cause" (as defined in the Browers Employment Agreement), Mr. Browers will, subject to the provisions of the Browers Employment Agreement, be entitled to receive an amount equal to one year of his base salary and reimbursement of any COBRA premium payments made by Mr. Browers during such one-year period, in each case payable in accordance with the Company's normal payroll practices, provided that Mr. Browers executes a separation agreement and general release agreement that is satisfactory to the Company. In addition, all granted but unvested stock options and all unvested restricted stock (but not including the Browers Restricted Stock) will immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded.

In the event that Mr. Browers' employment is terminated by Mr. Browers other than as a result of a "change in control" (as defined in the Browers Employment Agreement), Mr. Browers will, subject to the provisions of the Browers Employment Agreement, generally be entitled to receive his accrued base salary and benefits through the date of such termination. In addition, all granted but unvested stock options and all unvested restricted stock will be null and void, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded.

In the event that Mr. Browers' employment is terminated by either party within 30 days of a "change in control", Mr. Browers will, subject to the provisions of the Browers Employment Agreement, generally be entitled to receive an amount equal to one year of his base salary payable in one lump sum within five business days after such termination and reimbursement of any COBRA premium payments made by Mr. Browers during such one-year period; provided that Mr. Browers executes a separation agreement and general release agreement that is satisfactory to the Company, and provided further that, in the event the Company or the acquiror requests Mr. Browers to provide consulting services described in the Browers Employment Agreement, then the lump sum payment of an amount equal to one year of his base salary shall be payable upon the expiration of such consulting period, and during such consulting period, Mr. Browers will be entitled to a consulting fee equal to what he would have otherwise been entitled to be paid under the Browers Employment Agreement during such period. In addition, all granted but unvested stock options and all unvested restricted stock (but not including the Browers Restricted Stock) shall immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective plan and award agreement under which they were awarded.

In the event that Mr. Browers fails to comply with any of his obligations under the Browers Employment Agreement, including, without limitation, the non-competition covenant and the non-interference, nonsolicitation and non-disparagement provisions, Mr. Browers will be required to repay the one year of base salary paid to him pursuant to the Company termination without cause or change in control provisions of the Browers Employment Agreement as of the date of such failure to comply and he will have no further rights in or to such payments payable to him pursuant to the Browers Employment Agreement. All payments and benefits provided under the Browers Employment Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

The Browers Employment Agreement contains provisions designed to reduce (but not below 0) any payments otherwise required to be paid to Mr. Browers if the same would result in the imposition of an



excise tax under Section 4999 of the Code to the minimum extent necessary so that such excise tax is not imposed. The Browers Employment Agreement also contains provisions intended to comply with Section 409A of the Code.

The foregoing description of the Browers Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the Browers Employment Agreement, which is included as an exhibit to the registration statement of which this prospectus forms a part.

#### ***Employee Confidentiality, Non-competition, Non-solicitation and Assignment Agreements***

In order to limit the disclosure and use of our proprietary information as well as to prevent the misappropriation of our proprietary information, each of our officers, directors and/or employees that receive an award under our Phantom Plan is required to execute and deliver a restrictive covenant agreement that contains non-competition, non-solicitation, non-hire, non-disparagement, confidentiality or assignment of intellectual property covenants.

#### **Equity Compensation**

##### ***Outstanding Equity Awards at December 31, 2020***

There were no outstanding equity awards held by any of the named executive officers as of December 31, 2020.

#### **Director Compensation**

The following table sets forth a summary of the compensation we paid to our non-employee directors during 2020. Other than as set forth in the table and described more fully below, we did not pay any compensation, reimburse any expense of, make any equity awards or non-equity awards to, or pay any other compensation to any of the other non-employee members of our board of directors in 2020. Discussion of directors not included in below table as a result of them being executive officers. The compensation received by Mr. Kanders as an employee during 2020 is presented in the “Summary Compensation Table” above.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Nicholas Sokolow	40,000	—	—	—	—	—	40,000
Hamish Norton	40,000	—	—	—	—	—	40,000
William Quigley	66,000	—	—	—	—	—	66,000

#### ***Compensation Risk Assessment***

We believe that our executive compensation program does not encourage excessive or unnecessary risk taking. This is primarily due to the fact that our compensation programs are designed to encourage our executive officers and other employees to remain focused on both short-term and long-term strategic goals, in particular in connection with our pay-for-performance compensation philosophy. As a result, we do not believe that our compensation programs are reasonably likely to have a material adverse effect on us.

#### **Equity Compensation Plans and Other Benefit Plans**

##### ***Safariland Group Long-Term Incentive Plan***

##### ***Long-Term Incentive Plan Description***

On March 15, 2021, the Company adopted the Safariland Group Long-Term Incentive Plan (the “LTIP”). The Company believes the LTIP will retain and motivate certain key employees of the Company and its subsidiaries and affiliates by enabling designated individuals to participate in the long-term growth



and financial success of the Company. The LTIP will be administered by the board of directors in its sole discretion, who will have full power and authority to administer and interpret the LTIP and to establish rules for its administration. Eligibility for participation in the LTIP will be limited to the employees selected by the board of directors who are employees of the Company in good standing and current with respect to all compliance and employment matters.

#### *Awards*

Each participant will be granted a cash bonus opportunity (a “LTIP Award”), in an amount set forth in an award agreement, and each LTIP Award granted under the LTIP will be eligible to vest in three equal installments over a period of three consecutive one year periods. The award will vest subject to the achievement of performance metrics, which will be established by the board of directors in its sole discretion, who shall determine to what extent the performance metrics have been achieved. The portion of the LTIP Award that has become vested will be paid in a lump sum within 30 days following a determination by the board of directors that performance metrics have been achieved. The LTIP Award will be paid in the form of cash, provided, however, that in the event that any portion of a LTIP Award vests following the date on which the securities of the Company are readily tradable on an established national securities market, the Company may, in its sole discretion, elect to pay the vested portion of a LTIP Award (or any portion thereof) in the form of such marketable securities having a value equal to the value of such vested portion, rounded down to the nearest whole share.

#### *Termination or Change in Control*

In the event of a change of control or a participant’s death, any unvested portion of a LTIP Award will become fully vested and any amount payable will be paid within two and a half months following such occurrence. In the event that a participant’s employment is terminated, or the participant violated its obligations under any restrictive agreement, the participant will forfeit any portion of the LTIP Award that is unvested and unpaid.

#### *Tax Effects*

The Company will withhold from any amount paid under the LTIP any taxes required by law to be withheld with respect to such payment, including, to the extent permitted, in the event a LTIP Award is paid in marketable securities, by withholding a number of securities necessary to satisfy any such withholding obligations. The LTIP and all LTIP Awards under the Plan include provisions intended to comply with the requirements of Section 409A of the Code.

### ***Safariland Group 2021 Phantom Restricted Share Plan***

#### *Phantom Restricted Share Plan Description*

On March 15, 2021, the Company adopted the Safariland Group 2021 Phantom Restricted Share Plan (the “Phantom Plan”) for the purposes of promoting the growth and interests of the Company by attracting and retaining employees, consultants and advisors with the training, experience and ability to enable them to make a significant contribution to the success of the business of the Company. The board of directors will select participants from among those employees, consultants, and advisors to, the Company or its affiliates who, in its opinion, are in a position to make a significant contribution to the success of the Company.

#### *Phantom Awards*

The Phantom Plan provides for the grant of the cash-based award of Phantom Shares (defined below) (“Phantom Awards”) to participants as a nontransferable notional share granted to an employee or other service provider in respect of services to the Company or its affiliates (a “Phantom Share”). A maximum of 28,670 Phantom Shares may be issued in respect of Phantom Awards under the Phantom Plan. The board of directors, in its sole discretion, will determine the terms of all Phantom Awards, including the time or times at which an Award will vest. Except as otherwise provided, one-third (1/3) of the Phantom Shares subject to the Award shall vest on each of the first three (3) anniversaries of the grant date.

*Termination*

In the event of a participant's death, the Phantom Shares shall become fully vested and will remain outstanding and eligible to participate in a Qualifying Exit Event (as defined below). If a participant's employment is terminated by the Company for cause, or for violation of a restrictive agreement, the participant will forfeit all Phantom Shares whether vested or unvested. If a participant's employment is terminated for reasons other than for cause, or voluntarily by the participant, all unvested Phantom Shares will be forfeited and vested Phantom Shares will remain eligible to participate in a Qualifying Exit Event.

*Timing of Payment*

No amount shall be payable with respect to Phantom Shares prior to a change of control or initial public offering where the aggregate net proceeds of such event, as determined by the board of directors, equals or exceeds \$250,000,000 (a "Qualifying Exit Event"). Such threshold shall be automatically increased from time to time to reflect the aggregate amount of any additional capital invested in the Company. In the event that such amounts become payable with respect to a Qualifying Exit Event, the sums shall be paid not later than March 15 following the year in which the Qualifying Exit Event occurs. In connection with a Qualifying Exit Event, each Phantom Share that is vested and outstanding as of the consummation of the Qualifying Exit Event shall be automatically cancelled in exchange for the right to receive a payment equal to the Phantom Payment Amount (as defined in the Phantom Plan). All unvested Phantom Shares shall be cancelled for no consideration upon the consummation of a Qualifying Exit Event.

*Tax Effects*

The Company will withhold from any amount paid under the Phantom Plan any taxes required by law to be withheld with respect to such payment. Phantom Awards under the Phantom Plan include provisions intended to comply with Section 409A of the Code. Granted Phantom Awards may be modified at any time, at the Board of Director's discretion, to the extent necessary to maintain such compliance.

*Covered Transactions*

In the event of a transaction in which the Company is not the surviving entity or which results in the acquisition of all or substantially of the equity interests or assets of the Company, dissolution or liquidation or any other change of control transaction, the board of directors may provide for the assumption of some or all Phantom Awards or the grant of new awards by the acquiror or survivor. Each unvested Award that is not assumed will terminate automatically. The board of directors shall have the discretion to require that any amounts that would have been paid if such Phantom Shares had been vested at the time of such transaction be made payable in the future. If there shall occur any change in capitalization that affects the Phantom Shares, the board of directors may, in its discretion, cause an adjustment to be made to the number of Phantom Shares granted in order to prevent dilution or enlargement of the participant's rights.

**2021 Stock Incentive Plan**

Our board of directors have adopted, and our stockholders have approved, our 2021 Stock Incentive Plan ("2021 Incentive Plan"). Our 2021 Incentive Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any parent and subsidiary companies' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights ("SARs"), performance units, and performance shares to our employees, directors, and consultants and our parent and subsidiary companies' employees and consultants.

*Authorized Shares*

A total of 5,750,000 shares of our common stock are reserved for issuance pursuant to our 2021 Incentive Plan. The number of shares of common stock available for issuance under the 2021 Incentive Plan also include an automatic annual increase on the first trading day of January of each fiscal year, beginning with January in year 2022 and continuing through January in year 2031, by a number of shares equal to five

percent (5%) of the total number of shares of common stock outstanding on the last trading day in the immediately preceding December.

Shares of common stock that have been (a) reserved for issuance under stock options which have expired or otherwise terminated without issuance of the underlying shares, (b) reserved for issuance or issued under an award granted under the 2021 Incentive Plan but are forfeited or are repurchased by the Company at the original issue price, or (c) reserved for issuance or issued under an award that otherwise terminates without shares being issued, shall be available for issuance. In the event of the exercise of SARs, whether or not granted in tandem with stock options, only the number of shares of common stock actually issued in payment of such SARs shall be charged against the number of shares of common stock available for the grant of awards under the 2021 Incentive Plan, and any shares of common stock subject to tandem stock options, or portions thereof, which have been surrendered in connection with any such exercise of SARs shall not be charged against the number of shares of common stock available for the grant of awards under the 2021 Incentive Plan. Notwithstanding anything to the contrary contained herein, shares of common stock that are subject to an award under the 2021 Incentive Plan shall not again be made available for issuance or delivery under the 2021 Incentive Plan if such shares are (a) tendered in payment of a stock option, or (b) delivered or withheld by the Company to satisfy any tax withholding obligation.

#### *Plan Administration*

The compensation committee of our board of directors will administer our 2021 Incentive Plan. Any power, authority or discretion granted to the compensation committee may also be taken by the Board. In addition, if we determine it is desirable to qualify transactions under our 2021 Incentive Plan as exempt under Rule 16b-3 under the Exchange Act, such transactions will be structured with the intent that they satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of our 2021 Incentive Plan, the compensation committee of our board of directors will have the power to administer our 2021 Incentive Plan and make all determinations deemed necessary or advisable for administering the 2021 Incentive Plan, including, but not limited to, the power to determine the fair market value of our common stock, select the persons to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under the 2021 Incentive Plan, determine the terms and conditions of awards (including, but not limited to, the exercise price, the time or times at which the awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions, and any restriction or limitation regarding any award or the shares relating thereto), construe and interpret the terms of our 2021 Incentive Plan and awards granted under it, prescribe, amend, and rescind rules, regulations, and sub-plans relating to our 2021 Incentive Plan, and modify or amend each award, including, but not limited to, the discretionary authority to extend the post-termination exercisability period of awards (provided that no option or stock appreciation right will be extended past its original maximum term), and to allow a participant to defer the receipt of payment of cash or the delivery of shares that would otherwise be due to such participant under an award. The compensation committee's decisions, interpretations, and other actions are final and binding on all participants.

#### *Stock Options*

Stock options may be granted under our 2021 Incentive Plan. The exercise price of options granted under our 2021 Incentive Plan will be determined by the compensation committee and may be greater, less than, or equal to the fair market value of our common stock on the date of grant; provided that: (i) the exercise price of an incentive stock options will be not less than 100% of the fair market value of our common stock on the date of grant. The term of an option may not exceed ten years. With respect to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term of an incentive stock option granted to such participant must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The compensation committee of our board of directors will determine the methods of payment of the exercise price of an option, which may include cash, shares, or other property acceptable to the compensation committee of our board of directors, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director, or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the option will remain exercisable for 12 months (or such shorter or longer time period not

exceeding five (5) years as may be determined by the compensation committee). In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the termination of service. An option may not be exercised later than the expiration of its term. Subject to the provisions of our 2021 Incentive Plan, the compensation committee of our board of directors determines the other terms of options.

#### *Stock Appreciation Rights*

SARs may be granted under our 2021 Incentive Plan. SARs allow the recipient to receive the appreciation in the fair market value of our common stock occurring between the exercise date and the date of grant. SARs may not have a term exceeding ten years. After the termination of service of an employee, director, or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her SARs agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the SARs will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the SARs will remain exercisable for three months following the termination of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2021 Incentive Plan, the compensation committee of our board of directors determines the other terms of SARs, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be equal to the fair market value per share on the date of grant.

#### *Restricted Stock*

Restricted stock may be granted under our 2021 Incentive Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the compensation committee. The compensation committee will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of our 2021 Incentive Plan, will determine the terms and conditions of such awards. The compensation committee may impose whatever conditions to vesting it determines to be appropriate (for example, the compensation committee of our board of directors may set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the compensation committee of our board of directors, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the compensation committee of our board of directors provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

#### *Restricted Stock Units*

RSUs may be granted under our 2021 Incentive Plan. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. Subject to the provisions of our 2021 Incentive Plan, the compensation committee determines the terms and conditions of RSUs, including the vesting criteria and the form and timing of payment. The compensation committee may set vesting criteria based upon the achievement of company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the compensation committee in its discretion. The compensation committee, in its sole discretion, may pay earned RSUs in the form of cash, in shares of our common stock, or in some combination thereof. Notwithstanding the foregoing, the compensation committee, in its sole discretion, may accelerate the time at which any vesting requirements will be deemed satisfied. Participants will have no voting rights with respect to RSUs until the date shares are issued with respect to such RSUs. The compensation committee may provide that a participant is entitled to receive dividend equivalents with respect to the payment of cash dividends on shares having a record date prior to the date on which the applicable RSUs are settled or forfeited in accordance with our 2021 Incentive Plan.

#### *Performance Units and Performance Shares*

Performance units and performance shares may be granted under our 2021 Incentive Plan. Performance units and performance shares are awards that will result in a payment to a participant only if

performance goals established by the compensation committee are achieved or the awards otherwise vest. The compensation committee will establish performance objectives or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. The compensation committee may set performance objectives based on the achievement of company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the compensation committee in its discretion. After the grant of a performance unit or performance share, the compensation committee, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance units or performance shares. Performance units shall have an initial dollar value established by the compensation committee on or prior to the grant date. Performance shares shall have an initial value equal to the fair market value of our common stock on the grant date. The compensation committee, in its sole discretion, may pay earned performance units or performance shares in the form of cash, in shares, or in some combination thereof. Participants will have no voting rights with respect to performance units and/or performance shares until the date shares are issued with respect to such performance units and/or performance shares. The compensation committee may provide that a participant is entitled to receive dividend equivalents with respect to the payment of cash dividends on shares having a record date prior to the date on which the applicable performance shares are settled or forfeited in accordance with our 2021 Incentive Plan.

#### *Non-Transferability of Awards*

Unless the compensation committee of our board of directors provides otherwise, our 2021 Incentive Plan generally will not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime. If the compensation committee of our board of directors makes an award transferrable, such award will contain such additional terms and conditions as the compensation committee of our board of directors deems appropriate.

#### *Certain Adjustments*

In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our 2021 Incentive Plan, the compensation committee will adjust the number and class of shares that may be delivered under our 2021 Incentive Plan and/or the number, class, and price of shares covered by each outstanding award and the numerical share limits set forth in our 2021 Incentive Plan.

#### *Corporation Transactions*

Our 2021 Incentive Plan will provide that in the event of our merger with or into another corporation or entity or a change-of-control (as defined in our 2021 Incentive Plan), each outstanding award will be treated as the compensation committee determines, including, without limitation, (i) substituting equivalent awards or providing substantially similar consideration to participants as was provided to the Company's stockholders (after taking into account the existing provisions of the awards), or (ii) issuing, in place of outstanding shares of common stock of the Company held by the participants, substantially similar shares or substantially similar other securities or substantially similar other property subject to repurchase restrictions no less favorable to the participant. In addition, the compensation committee may, in its sole discretion, provide that the vesting of any or all awards granted pursuant to the 2021 Incentive Plan will accelerate immediately prior to the consummation of a change-of-control event. If the compensation committee exercises such discretion with respect to stock options, such stock options will become exercisable in full prior to the consummation of such change-of-control event at such time and on such conditions as the compensation committee determines, and if such stock options are not exercised prior to the consummation of such event, they shall terminate at such time as determined by the compensation committee.

#### *Clawback*

Awards will be subject to any clawback policy of ours, and the compensation committee also may specify in an award agreement that the participant's rights, payments, and/or benefits with respect to an award will be subject to reduction, cancellation, forfeiture, and/or recoupment upon the occurrence of certain specified

events. Our board of directors may require a participant to forfeit, return, or reimburse us for all or a portion of the award and/or shares issued under the award, any amounts paid under the award, and any payments or proceeds paid or provided upon disposition of the shares issued under the award in order to comply with such clawback policy or applicable laws.

#### *Amendment and Termination*

The compensation committee will have the authority to amend, suspend, or terminate our 2021 Incentive Plan provided such action does not impair the existing rights of any participant. Our 2021 Incentive Plan will continue in effect until terminated by the compensation committee, but (i) no incentive stock options may be granted after ten years from the date our 2021 Incentive Plan was adopted by our board of directors and (ii) the annual increase to the number of shares available for issuance under our 2021 Incentive Plan will operate only until the tenth anniversary of the date our 2021 Incentive Plan was adopted by our board of directors.

#### **Other Compensation**

We currently maintain broad-based benefits that are provided to all employees, including health insurance, life and disability insurance and dental insurance.

#### **401(k) Plan**

We maintain a 401(k) plan for employees. The 401(k) plan is intended to qualify under Section 401(k) of the Code, so that contributions to the 401(k) plan by employees or by us, and the investment earnings thereon, are not taxable to the employees until withdrawn from the 401(k) plan, and so that contributions by us, if any, will be deductible by us when made. Under the 401(k) plan, employees may elect to reduce their current compensation by up to the statutorily prescribed annual limit and to have the amount of such reduction contributed to the 401(k) plan. The 401(k) plan permits us to make contributions up to the limits allowed by law on behalf of all eligible employees.

#### **Rule 10b5-1 Sales Plans**

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from the director or officer. The director or officer may amend or terminate the plan in limited circumstances. Our directors and executive officers may also buy or sell additional shares of our common stock outside of a Rule 10b5-1 plan when they are not in possession of material, nonpublic information.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2019, to which we have been a party, in which the amount involved exceeds the lesser of \$120,000 or 1% of the average of the Company's total assets at year end for the last two completed fiscal years, and in which any of our directors, executive officers or holders of more than five percent (5%) of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, from unaffiliated third parties.

In connection with this offering, we plan to adopt a written policy, effective upon completion of this offering, that requires all future transactions between us and any director, executive officer, holder of five percent (5%) or more of any class of our capital stock or any member of the immediate family of, or entities affiliated with, any of them, or any other related persons (as defined in Item 404 of Regulation S-K) or their affiliates, in which the amount involved is equal to or greater than \$120,000, be approved in advance by our audit committee. Any request for such a transaction must first be presented to our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our audit committee is to consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, the extent of the related party's interest in the transaction, and whether the transaction is on terms no less favorable to us than terms we could have generally obtained from an unaffiliated third party under the same or similar circumstances.

All of the transactions described below were entered into prior to the adoption of this written policy but each was approved by the independent members of our board of directors. Prior to our board of directors' consideration of a transaction with a related person, the material facts as to the related person's relationship or interest in the transaction were disclosed to the independent members of our board of directors, and the transaction was not approved by our board of directors unless a majority of the independent directors approved the transaction. Our current policy with respect to approval of related person transactions is not set forth in writing.

In connection with the Company entering into a \$225,000,000 term loan and security agreement on November 17, 2020 (the "Term Loan"), the Company paid a fee in the amount of \$1,000,000 to Kanders & Company, Inc. ("Kanders & Company"), in consideration of the significant support received by the Company from employees of Kanders & Company, including, without limitation: (i) assisting the Company in identifying, screening and contacting potential financing sources; (ii) evaluating proposals received from potential financing sources; (iii) advising the Company with respect to the form and structure of available financing arrangements; (iv) structuring and negotiating the Term Loan; and (v) assisting the Company's management in making presentations to our board of directors in connection with its approval of the Term Loan. Mr. Warren B. Kanders, the Company's Chief Executive Officer, is a member of the board of directors and sole stockholder of Kanders & Company.

On June 20, 2019, in connection with the Company's completion of the sale of all the issued and outstanding shares of Mustang, the Company paid a fee in the amount of \$450,000 to Kanders & Company, in consideration of the significant support received by the Company from the employees of Kanders & Company, including, without limitation: (i) assisting the Company with identifying, screening and contacting prospective purchasers for Mustang; (ii) preparing evaluation materials relating to a potential sale of Mustang; (iii) coordinating the materials and information to be made available to potential purchasers during their due diligence investigations of Mustang; (iv) assisting the Company in evaluating proposals received from potential purchasers of Mustang; (v) structuring and negotiating the terms of the Mustang sale; and (vi) assisting the Company's management in making presentations to our board of directors in connection with its approval of the Mustang sale.

Mr. Kanders was not involved in the decision by the independent members of our board of directors to engage Kanders & Company to provide either of the services described above. In determining to engage Kanders & Company to provide the services described above, the independent members of our board of directors considered Kanders & Company's extensive investment, capital raising, acquisition and operating expertise as well as the extensive knowledge and familiarity the employees of Kanders & Company have with respect to the Company and the industry in which it operates. Mr. Kanders was involved in negotiating the fees described above solely on behalf of Kanders & Company and not on behalf of the Company.

### Director and Executive Officer Compensation

Please see “Executive and Director Compensation — Director Compensation” for a discussion of options granted to our non-employee directors. Please see “Executive and Director Compensation — Equity Compensation” for additional information regarding compensation of executive officers.

### Indemnification Agreements and Directors’ and Officers’ Liability Insurance

Our amended and restated certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the Delaware General Corporation Law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

Our amended and restated bylaws provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that they are or were one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that they are or were one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.



We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

## PRINCIPAL STOCKHOLDERS

The following table sets forth information relating to the beneficial ownership of our common stock as of , 2021 by:

- each person, or group of affiliated persons, known by us to beneficially own more than five percent (5%) of our outstanding shares of common stock;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of , 2021 through the exercise of any stock option, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of shares of our common stock outstanding. As of , 2021, 27,483,350 shares of our common stock were outstanding. Shares of our common stock that a person has the right to acquire within 60 days of , 2021 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. Unless otherwise indicated below, the address for each director and named executive officer listed is Cadre Holdings, Inc., 13386 International Parkway, Jacksonville, Florida 32218.

Name of Beneficial Owner	Prior to Offering		After Offering	
	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Common Stock	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Common Stock
<b><i>Directors and Named Executive Officers:</i></b>				
Warren B. Kanders <sup>(1)</sup>	25,630,100	93.26%		
Nicholas Sokolow <sup>(2)</sup>	24,324,450	88.51%		
Hamish Norton	—	—		
William Quigley	—	—		
Brad Williams	—	—		
Blaine Browsers	—	—		
<b><i>Directors and Named Executive Officers as a Group (6 Individuals)<sup>(3)</sup></i></b>				
	25,630,100	93.26%		
<b><i>Five Percent Holders:</i></b>				
Maui Holdings, LLC <sup>(4)</sup>	24,324,450	88.51%		

\* Less than one percent.

- (1) Includes 1,305,650 shares held by Warren B. Kanders Roth IRA, which shares may be deemed to be owned by Mr. Kanders, and 24,324,450 shares held by Maui Holdings, LLC, which shares may be deemed to be owned by Mr. Kanders. See note (4). Mr. Kanders disclaims beneficial ownership of the reported shares other than to the extent of any pecuniary interest he may have therein, directly or indirectly.
- (2) Includes 24,324,450 shares held by Maui Holdings, LLC, which shares may be deemed to be owned by Mr. Sokolow. See note (4). Mr. Sokolow disclaims beneficial ownership of the reported shares other than to the extent of any pecuniary interest he may have therein, directly or indirectly.

- (3) Includes 24,324,450 shares held by Maui Holdings, LLC, which shares may be deemed to be owned by Messrs. Kanders and Sokolow, and 1,305,650 shares held by Warren B. Kanders Roth IRA, which shares may be deemed to be owned by Mr. Kanders. Mr. Kanders disclaims beneficial ownership of the shares held by Maui Holdings, LLC and Warren B. Kanders Roth IRA other than to the extent of any pecuniary interest he may have therein, directly or indirectly. Mr. Sokolow disclaims beneficial ownership of the shares held by Maui Holdings, LLC other than to the extent of any pecuniary interest he may have therein, directly or indirectly.
- (4) Maui Holdings, LLC is the record holder of such shares. Mr. Kanders is a manager of Maui Holdings, LLC and Kanders SAF, LLC, an entity in which Mr. Kanders is the sole member, owns approximately 55.13% of the membership units of Maui Holdings, LLC, and, as such, may be deemed to have beneficial ownership with respect to the shares held by Maui Holdings, LLC. Mr. Sokolow is a manager of Maui Holdings, LLC and, as such, may be deemed to have beneficial ownership with respect to the shares held by Maui Holdings, LLC. Each of Messrs. Kanders and Sokolow disclaims beneficial ownership of the shares held by Maui Holdings, LLC other than to the extent of any pecuniary interest they may have therein, directly or indirectly. The business address of Maui Holdings, LLC is 250 Royal Palm Way, Suite 201, Palm Beach, Florida 33480.

## DESCRIPTION OF CAPITAL STOCK

### General

Our authorized capital stock consists of 200,000,000 shares of capital stock, par value \$0.0001 per share, of which 190,000,000 shares are common stock, par value \$0.0001 per share, and 10,000,000 shares are preferred stock, par value \$0.0001 per share, and there are 27,483,350 shares of common stock outstanding and no shares of preferred stock outstanding. As of \_\_\_\_\_, 2021, we had approximately \_\_\_\_\_ record holders of our capital stock.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries of material terms and provisions and are qualified by reference to our amended and restated certificate of incorporation and amended and restated bylaws. Because this is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section titled “Description of Capital Stock,” you should refer to our amended and restated certificate of incorporation and amended and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

### Common Stock

We are authorized to issue one class of common stock. Holders of our common stock are entitled to one vote for each share of common stock held of record for the election of directors and on all matters submitted to a vote of stockholders. Holders of our common stock are entitled to receive dividends ratably, if any, as may be declared by our board of directors out of legally available funds, subject to any preferential dividend rights of any preferred stock then outstanding. Upon our dissolution, liquidation or winding up, holders of our common stock are entitled to share ratably in our net assets legally available after the payment of all our debts and other liabilities, subject to the preferential rights of any preferred stock then outstanding. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future. Except as described under “Anti-takeover Effects of Delaware Law, Provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws” below, a majority vote of the holders of common stock is generally required to take action under our amended and restated certificate of incorporation and amended and restated bylaws.

### Blank-Check Preferred Stock

Our amended and restated certificate of incorporation provides that our board of directors will be authorized to issue from time to time, without further stockholder approval, up to 10,000,000 shares of preferred stock in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of any series.

We believe that the availability of our preferred stock, in each case issuable in series, and additional shares of common stock could facilitate certain financings and acquisitions and provide a means for meeting other corporate needs which might arise. The authorized shares of our preferred stock, as well as authorized but unissued shares of common stock, will be available for issuance without further action by our stockholders, unless stockholder action is required by applicable law or the rules of the NYSE on which any series of our stock may then be listed, or except as may be provided in the terms of any preferred stock created by resolution of our board.

These provisions give our board the power to approve the issuance of a series of preferred stock, or additional shares of common stock, that could, depending on its terms, either impede or facilitate the completion of a merger, tender offer or other takeover attempt. For example, the issuance of new shares of preferred stock might impede a business combination if the terms of those shares include voting rights which

would enable a holder to block business combinations or, alternatively, might facilitate a business combination if those shares have general voting rights sufficient to cause an applicable percentage vote requirement to be satisfied.

See also “Anti-takeover Effects of Delaware Law, Provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws” below.

Our board of directors will make any determination to issue such shares based on its judgment as to our company’s best interests and the best interests of our stockholders. Upon the completion of this offering, we will have no shares of preferred stock outstanding and we have no current plans to issue any shares of preferred stock following completion of this offering.

#### **Anti-takeover Effects of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws**

Our amended and restated certificate of incorporation and amended and restated bylaws include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include the items described below.

##### ***Board Composition and Filling Vacancies***

Our amended and restated certificate of incorporation and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This will make it more difficult to change the composition of our board of directors and will promote continuity of management.

##### ***Written Consent of Stockholders***

Our amended and restated certificate of incorporation provides that our stockholders may not take action by written consent but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws.

##### ***Meetings of Stockholders***

Our amended and restated bylaws further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairperson of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

##### ***Advance Notice Requirements***

Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder’s notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our Company.

***Amendment to Bylaws and Certificate of Incorporation***

Certain amendments to our amended and restated certificate of incorporation relating to board structure, director liability, indemnification, stockholder actions by written consent, stockholders' ability to call special meetings and amendments to our amended and restated bylaws require the approval of the holders of at least 66 2/3% of our then outstanding capital stock. Our amended and restated bylaws provide that the approval of stockholders holding at least 66 2/3% of our then outstanding capital stock is required for stockholders to amend or adopt any provision of our bylaws.

***Section 203 of the Delaware General Corporation Law***

Upon completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock.

Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or
- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

***Exclusive Jurisdiction of Certain Actions***

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (c) any action asserting a claim against the company or any director or officer of the company arising pursuant to any provision of the Delaware General Corporation Law, (d) any action to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws, or (e) any other action asserting a claim that is governed by the internal affairs doctrine or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the Delaware General Corporation Law, shall be the Court of Chancery of the State of Delaware (or other state courts of the State of Delaware if the Court of Chancery in the State of Delaware does not have jurisdiction or the federal district court for the District of Delaware if no state court in the State of Delaware has jurisdiction). Our amended and restated bylaws provide that this choice of forum does not apply to any complaint asserting a cause of action under the Securities Act or the Exchange Act. Finally, our amended and restated bylaws provide that the federal district courts of the United States of America will be the sole and exclusive forum for the resolution of any complaint asserting a cause of action

arising under the Securities Act or the Exchange Act. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders cannot waive our compliance with federal securities laws and the rules and regulations thereunder.

Our amended and restated bylaws provide that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

#### **NYSE Listing**

We have submitted an application to list our common stock on NYSE under the trading symbol “CDRE.”

#### **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock will be .

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Future sales of our common stock, including shares issued upon the exercise of outstanding options or warrants, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our common stock to fall or impair our ability to raise equity capital in the future. As described below, only a limited number of shares of our common stock will be available for sale in the public market for a period of several months after completion of this offering due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

### Sale of Restricted Shares

#### Lock-up Agreements

We and each of our directors, our executive officers and holders of a substantial majority of all of our capital stock and securities convertible into our capital stock have entered or will enter into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of the representatives of the underwriters (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers and stockholders in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock or such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of common stock or such other securities, in cash or otherwise or (iii) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

In addition, our executive officers, directors and holders of a substantial majority of all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us under which they have agreed that, subject to certain exceptions, for a period of 180 days after the date of this prospectus, they will not, without our prior written consent, dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our common stock.

#### Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act, for at least 90 days, a person (or persons whose shares are required to be aggregated) who is not deemed to have been one of our “affiliates” for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our “affiliates,” is entitled to sell those shares in the public market (subject to the lock-up agreement referred to above, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the sales proposed to be sold for at least one year, including the holding period of any prior owner other than “affiliates,” then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to above, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our “affiliates,” as defined in Rule 144, who have beneficially owned the shares proposed to be sold for at



least six months are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our common stock that does not exceed the greater of:

- one percent (1%) of the number of common shares then outstanding, which will equal approximately shares of common stock immediately after this offering (calculated on the basis of the number of shares of our common stock outstanding as of , 2021, the assumptions described above and assuming no exercise of the underwriter's option to purchase additional shares and no exercise of outstanding options or warrants); or
- the average weekly trading volume of our common stock on the New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Such sales under Rule 144 by our “affiliates” or persons selling shares on behalf of our “affiliates” are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us. Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted securities have entered into lock-up agreements as referenced above and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

#### **Rule 701**

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants or advisors who acquired common stock from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 under the Securities Act before the effective date of the registration statement of which this prospectus is a part (to the extent such common stock is not subject to a lock-up agreement) is entitled to rely on Rule 701 to resell such shares beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act in reliance on Rule 144, but without compliance with the holding period requirements contained in Rule 144. Accordingly, subject to any applicable lock-up agreements, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, under Rule 701 persons who are not our “affiliates,” as defined in Rule 144, may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and persons who are our “affiliates” may resell those shares without compliance with Rule 144’s minimum holding period requirements (subject to the terms of the lock-up agreement referred to below, if applicable).

#### **Equity Incentive Plans**

We intend to file with the SEC a registration statement under the Securities Act covering the shares of common stock that we may issue upon exercise of outstanding options, shares of restricted stock, restricted stock units, stock appreciation rights, performance units, and performance shares reserved for issuance under the 2021 Incentive Plan, the LTIP and/or the Phantom Plan. Such registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under such registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the lockup agreements described above, if applicable.

**MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS**

The following is a discussion of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership, and disposition of our common stock to be issued pursuant to this offering, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This discussion is based upon the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed or subject to differing interpretations, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought and will not seek any ruling from the Internal Revenue Service (the “IRS”), with respect to the statements made and the conclusions reached in the following discussion, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This discussion does not address any U.S. state, local or non-U.S. tax considerations, the Medicare tax on net investment income or any alternative minimum tax consequences. In addition, this discussion does not address tax considerations applicable to a Non-U.S. Holder’s particular circumstances or to a Non-U.S. Holder that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- tax-exempt or government organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock;
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, “straddle,” “conversion transaction” or other risk reduction transaction;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes);
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- pension plans;
- partnerships, or other entities or arrangements treated as partnerships for U.S. federal income tax purposes, or investors in any such entities;
- persons for whom our stock constitutes “qualified small business stock” within the meaning of Section 1202 of the Code;
- integral parts or controlled entities of foreign sovereigns;
- tax-qualified retirement plans;
- controlled foreign corporations;
- passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax; or
- persons that acquire our common stock as compensation for services.

If a partnership, including any entity or arrangement classified as a partnership for U.S. federal income tax purposes, holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership, and certain determinations made at the partner level. Accordingly, partnerships that hold our common stock and partners in such partnerships, should consult their tax advisors regarding the U.S. federal income tax consequences to them of the purchase, ownership, and disposition of our common stock.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal estate or gift tax rules, any U.S. state, local or non-U.S. tax laws, or the application of any applicable tax treaty.

### Definition of a Non-U.S. Holder

For purposes of this discussion, a “Non-U.S. Holder” is any beneficial owner of our common stock that is not a “U.S. person,” a partnership, or an entity disregarded from its owner, each for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

### Distributions

If we make distributions on our common stock, those payments will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce a Non-U.S. Holder’s basis in our common stock, but not below zero. Any excess will be treated in the same manner as gain from the sale or disposition of our common stock and will be treated as described below under “Gain on Sale or Other Disposition of Common Stock.”

Subject to the discussion below on effectively connected income, any dividend paid to a Non-U.S. Holder generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be provided by an applicable income tax treaty. In order to claim a reduced treaty rate, a Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable documentation) certifying its qualification for the reduced rate of withholding tax under an applicable income tax treaty. Such documentation must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder’s conduct of a U.S. trade or business within the United States (and, if an applicable income tax treaty so provides, are attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States) generally are exempt from the withholding tax described above. In order to obtain this exemption, the Non-U.S. Holder must provide the applicable withholding agent with a properly executed IRS Form W-8ECI or other applicable IRS Form W-8 (or a successor form) certifying that the dividends are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same U.S. federal income tax rates applicable to U.S. persons, net of certain deductions and credits, subject to an applicable income tax treaty providing otherwise. In addition, a Non-U.S. Holder that is a corporation may be subject to a branch profits tax at a rate of 30% (or such lower rate as may be provided by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends.

If you are eligible for a reduced rate of withholding tax pursuant to a tax treaty, you may be able to obtain a refund of any excess amounts withheld if you timely file an appropriate claim for refund with the IRS.

### Gain on Sale or Other Disposition of Common Stock

Subject to the discussion below regarding backup withholding and FATCA, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if an income tax treaty so provides, the gain is attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S.), in which case the Non-U.S. Holder will be subject to U.S. federal income tax on the gain derived from the sale at regular U.S. federal income tax rates applicable to U.S. persons; furthermore, a Non-U.S. Holder that is a corporation may also be subject to the branch profits tax at a 30% rate (or such lower rate as may be provided by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items;
- the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met, in which case such Non-U.S. Holder will be subject to U.S. federal income tax at a rate of 30% (or such lower rate provided by an applicable income tax treaty), which may be offset by U.S. source capital losses (even though the Non-U.S. Holder is not considered a resident of the United States) provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "U.S. real property holding corporation", or USRPHC, for U.S. federal income tax purposes. We believe we are not currently and do not anticipate becoming a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other business assets and our non-U.S. real property interests, there can be no assurance that we will not become a USRPHC in the future. Even if we are or become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax as long as our common stock is "regularly traded," as defined by applicable Treasury regulations, on an established securities market and such Non-U.S. Holder does not, actually or constructively, hold more than five percent of our common stock at any time during the applicable period that is specified in the Code. If the foregoing exception does not apply, then if we are or were to become a USRPHC a purchaser may be required to withhold 15% of the amount realized by a Non-U.S. Holder from a sale or disposition of our common stock and such Non-U.S. Holder generally will be subject to U.S. federal income tax on the gain derived from such sale or disposition at U.S. federal income tax rates applicable to U.S. persons.

#### **Backup Withholding and Information Reporting**

Generally, we must file information returns annually to the IRS in connection with any dividends on our common stock paid to a Non-U.S. Holder, regardless of whether any tax was actually withheld. A similar report will be sent to the Non-U.S. Holder. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in the Non-U.S. Holder's country of residence.

Payments of dividends or of proceeds on the disposition of stock made to a Non-U.S. Holder may be subject to additional information reporting and backup withholding at a current rate of 24% unless such Non-U.S. Holder establishes an exemption, for example by properly certifying its non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E, IRS Form W-8ECI, or another appropriate version of IRS Form W-8 (or a successor form). Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that a holder is a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

#### **Foreign Account Tax Compliance Act ("FATCA")**

Sections 1441 through 1446 of the Code, commonly known as the Foreign Account Tax Compliance Act ("FATCA"), may impose withholding tax on certain types of payments made to foreign financial institutions and certain other non-U.S. entities. The legislation imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or to certain "non-financial foreign entities" (each as defined in the Code), unless (i) the foreign

financial institution undertakes certain diligence and reporting obligations, (ii) the non-financial foreign entity either certifies it does not have any “substantial United States owners” (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (iii) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (i) above, it must enter into an agreement with the United States Department of the Treasury (the “Treasury”) requiring, among other things, that it undertake to identify accounts held by “specified United States persons” or “United States-owned foreign entities” (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. If the country in which a payee is resident has entered into an “intergovernmental agreement” with the United States regarding FATCA, that agreement may permit the payee to report to that country rather than to the Treasury.

Under the applicable Treasury regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends (including deemed dividends) paid on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of our common stock on or after January 1, 2019, recently proposed Treasury regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. Prospective investors should consult their tax advisors regarding FATCA.

**The preceding discussion of U.S. federal tax considerations is for general information only. It is not tax advice. Each prospective investor should consult its tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.**

## UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, Raymond James & Associates, Inc. and Truist Securities, Inc. are acting as representatives of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement, each of the underwriters named below has severally agreed to purchase from us the aggregate number of shares of common stock shown opposite their respective names below:

Name	Number of Shares
Stifel, Nicolaus & Company, Incorporated	
Raymond James & Associates, Inc.	
Truist Securities, Inc.	
Stephens Inc.	
Roth Capital Partners, LLC	
PNC Capital Markets LLC	
Regions Securities LLC	
<b>Total:</b>	

The underwriting agreement provides that the obligations of the several underwriters are subject to various conditions, including approval of legal matters by counsel. The nature of the underwriters' obligations commits them to purchase and pay for all of the shares of common stock listed above if any are purchased. The underwriters have reserved the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

### Option to Purchase Additional Shares of Common Stock

We have granted the underwriters a 30-day option to purchase up to \_\_\_\_\_ additional shares of common stock from us at the initial public offering price, less the underwriting discount and commissions, as set forth on the cover page of this prospectus. If the underwriters exercise their option in whole or in part, each of the underwriters will be separately committed, subject to the conditions described in the underwriting agreement, to purchase the additional shares of our common stock in proportion to their respective commitments set forth in the table above.

### Determination of Offering Price

Prior to this offering, there has been no public market for our common stock. The initial public offering price has been determined through negotiations between us and the representatives. In addition to prevailing conditions in the equity securities markets, including market valuations of publicly traded companies considered comparable to our company, the factors considered in determining the initial public offering price included:

- our results of operations;
- our current financial condition;
- our future prospects;
- our management;
- the economic conditions in and future prospects for the industry in which we compete; and
- other factors we and the representatives deem relevant.

We cannot assure you that an active or orderly trading market will develop for our common stock or that our common stock will trade in the public markets subsequent to this offering at or above the initial public offering price.

### Commissions and Discounts

The underwriters will offer the shares directly to the public at the initial public offering price set forth on the cover page of this prospectus, and at this price less a concession not in excess of \$        per share of common stock to other dealers. After this offering, the offering price, concessions and other selling terms may be changed by the underwriters. The underwriters may allow, and certain dealers may re-allow, a discount from the concession not in excess of \$        per share of common stock to certain brokers and dealers. Our shares of common stock will be offered subject to receipt and acceptance by the underwriters and to the other conditions, including the right to reject orders in whole or in part.

The following table summarizes the compensation to be paid to the underwriters and the proceeds, before expenses, payable to us:

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

We estimate that our total expenses in connection with this offering, excluding underwriting discounts and commissions, will be approximately \$       . We have also agreed to reimburse the underwriters up to \$        for certain of their fees and expenses relating to the offering.

### Indemnification of Underwriters

We will indemnify the underwriters against certain civil liabilities, including liabilities under the Securities Act and liabilities arising from breaches of our representations and warranties contained in the underwriting agreement. If we are unable to provide this indemnification, we will contribute to payments the underwriters may be required to make in respect of those liabilities. We have also agreed to indemnify the underwriters for losses if the shares (other than those purchased pursuant to the underwriters' option to purchase additional shares) are not delivered to the underwriters' accounts on the initial settlement date.

### No Sales of Similar Securities

We, our directors, executive officers and holders of a substantial majority of all of our capital stock and securities convertible into our capital stock have entered into lock-up agreements with the representatives prior to the commencement of this offering pursuant to which each of these persons or entities, for a period of 180 days after the date of this prospectus, may not offer, sell, contract to sell (including any short sale), pledge, hypothecate, establish an open "put equivalent position" within the meaning of Rule 16a-1(h) under the Exchange Act, grant any option, right or warrant for the sale of, purchase any option or contract to sell, sell any option or contract to purchase or otherwise encumber, dispose of or transfer, grant any rights with respect to, directly or indirectly, any shares of common stock or securities convertible into or exchangeable for shares of common stock, enter into a transaction which would have the same effect or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the common stock, whether such aforementioned transaction is to be settled by delivery of the common stock or such other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap hedge or other arrangement, subject to specified exceptions. These restrictions shall also apply to any common stock received upon exercise of options granted to or warrants owned by each of the persons or entities described in the immediately preceding sentence. These restrictions will not apply to us with respect to issuances of common stock or securities exercisable for, convertible into or exchangeable for common stock in connection with any acquisition, collaboration, merger, licensing or other joint venture or strategic transaction involving our company, subject to certain limitations.

The representatives may release any of the securities subject to these lock-up agreements which, in the case of officers and directors, shall be with notice.

### Listing

We intend to apply to list our common stock on the New York Stock Exchange under the symbol "CDRE".

**Short Sales, Stabilizing Transactions and Penalty Bids**

In order to facilitate this offering, persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the shares during and after this offering. Specifically, the underwriters may engage in the following activities in accordance with the rules of the SEC.

**Short Sales**

Short sales involve the sales by the underwriters of a greater number of shares of common stock than they are required to purchase in the offering. Covered short sales are short sales made in an amount not greater than the underwriters' option to purchase additional shares of common stock. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of our common stock available for purchase in the open market as compared to the price at which they may purchase the shares through their option.

Naked short sales are any short sales in excess of such option to purchase additional shares of common stock. The underwriters must close out any naked short position by purchasing shares of our common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in this offering.

**Stabilizing Transactions**

The underwriters may make bids for or purchases of shares of our common stock for the purpose of pegging, fixing or maintaining the price of our common stock, so long as stabilizing bids do not exceed a specified maximum.

**Penalty Bids**

If the underwriters purchase shares of our common stock in the open market in a stabilizing transaction or syndicate covering transaction, they may reclaim a selling concession from the underwriters and selling group members who sold those shares as part of this offering. Stabilization and syndicate covering transactions may cause the price of our common stock to be higher than it would be in the absence of these transactions. The imposition of a penalty bid might also have an effect on the price of the shares if it discourages resales of the shares.

The transactions above may occur on the New York Stock Exchange or otherwise. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. If such transactions are commenced, they may be discontinued without notice at any time.

**Discretionary Sales**

The underwriters have informed us that they do not expect to confirm sales of the shares of common stock offered by this prospectus to accounts over which they exercise discretionary authority without obtaining the specific approval of the account holder.

**Electronic Distribution**

A prospectus in electronic format may be made available on the Internet or through other online services maintained by one or more of the underwriters participating in this offering, or by their affiliates. Other than the prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.



## Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and other financing and banking services to us, for which they have in the past received, and may in the future receive, customary fees and reimbursement for their expenses. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments, including bank loans, for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments.

## Directed Share Program

At our request, the underwriters have reserved up to \_\_\_\_\_ shares of our common stock (“Reserved Shares”) to be offered by this prospectus for sale, at the initial public offering price, to business associates, directors, employees and friends and family members of our employees. Except for directors and executive officers who have entered into lock-up agreements as contemplated above, if purchased by these persons, these shares will be not subject to a 180-day lock-up restriction. We will offer these shares to the extent permitted under applicable regulations in the United States and applicable jurisdictions through a directed share program. Stifel, Nicolaus & Company, Incorporated will administer the directed share program for our directors, friends and family members of such persons, and certain business associates. The number of shares of common stock available for sale to the general public in this offering will be reduced to the extent these persons purchase Reserved Shares. Any Reserved Shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

## Disclaimers About Non-U.S. Jurisdictions

### *Notice to Prospective Investors in the European Economic Area and United Kingdom*

In relation to each Member State of the European Economic Area and the United Kingdom (each a “Relevant State”), no shares of our common stock have been offered or will be offered pursuant to this offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares of our common stock which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares of our common stock may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our common stock shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares of our common stock or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and the company that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any shares of our common stock being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares of our common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of

any shares of our common stock to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an “offer to the public” in relation to shares of our common stock in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of our common stock, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

#### ***Notice to Prospective Investors in the United Kingdom***

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”) or otherwise in circumstances which have not resulted and will not result in an offer to the public of our common stock in the United Kingdom within the meaning of the Financial Services and Markets Act 2000.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

#### ***Notice to Prospective Investors in Canada***

Our common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of our common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

#### ***Notice to Prospective Investors in Hong Kong***

The shares of our common stock have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) of Hong Kong and any rules made thereunder; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong) (the “CO”) or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the our common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of our

common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

***Notice to Prospective Investors in Singapore***

Each underwriter has acknowledged that this prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each underwriter has represented and agreed that it has not offered or sold any shares of our common stock or caused the shares of our common stock to be made the subject of an invitation for subscription or purchase and will not offer or sell any shares of our common stock or cause the shares of our common stock to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of our common stock, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of our common stock pursuant to an offer made under Section 275 of the SFA except:
  - (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (ii) where no consideration is or will be given for the transfer;
  - (iii) where the transfer is by operation of law;
  - (iv) as specified in Section 276(7) of the SFA; or
  - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

***Notice to Prospective Investors in Japan***

The shares of our common stock have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the shares of our common stock nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any “resident” of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the

registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

#### **VALIDITY OF THE SECURITIES**

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Kane Kessler, P.C., New York, NY and for the underwriters by Sullivan & Cromwell LLP, New York, NY.

#### **EXPERTS**

The consolidated financial statements of Cadre Holdings, Inc. as of December 31, 2020 and 2019, and for each of the years in the two-year period ended December 31, 2020, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

#### **WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act that registers the shares of our common stock to be sold in this offering. This prospectus does not contain all the information contained in the registration statement and the exhibits and schedules filed as part of the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement and the exhibits and schedules filed as part of the registration statement. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copies of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains an internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is [www.sec.gov](http://www.sec.gov).

On the closing of this offering, we will be subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection without charge on the website of the SEC referred to above.

Our website address is [www.cadre-holdings.com](http://www.cadre-holdings.com). The information contained in, and that can be accessed through, our website is not incorporated into and is not part of this prospectus.

## CADRE HOLDINGS, INC. AND SUBSIDIARIES

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors  
Cadre Holdings, Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Cadre Holdings, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations and comprehensive income (loss), shareholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

Jacksonville, Florida  
May 7, 2021

**CADRE HOLDINGS, INC.**  
**Consolidated Balance Sheets**  
**As of December 31, 2020 and 2019**  
*(In thousands, except for share and per share amounts)*

	2020	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,873	\$ 2,520
Accounts receivable, net	43,646	55,568
Inventories	60,923	62,126
Prepaid expenses	6,665	7,333
Other current assets	3,362	9,150
Assets held for sale	—	6,168
<b>Total current assets</b>	<u>117,469</u>	<u>142,865</u>
Property and equipment, net	35,437	36,048
Deferred tax assets, net	12,900	1,900
Intangible assets, net	51,009	59,955
Goodwill	66,314	66,180
Other assets	150	385
<b>Total assets</b>	<u><u>\$283,279</u></u>	<u><u>\$307,333</u></u>
<b>Liabilities and Shareholders' Equity (Deficit)</b>		
Current liabilities		
Accounts payable	\$ 21,978	\$ 25,695
Accrued liabilities	36,004	32,206
Income tax payable	1,005	678
Current portion of long-term debt	3,496	4,328
<b>Total current liabilities</b>	<u>62,483</u>	<u>62,907</u>
Long-term debt	209,310	270,313
Deferred tax liabilities	2,085	3,333
Other liabilities	550	802
<b>Total liabilities</b>	<u>274,428</u>	<u>337,355</u>
<b>Commitments and contingencies (Note 13)</b>		
Mezzanine equity		
Preferred stock (\$0.01 par value, 10,000 shares authorized, 0 issued and outstanding as of December 31, 2020 and 2019)	—	—
Shareholders' equity (deficit)		
Common stock (\$0.01 par value, 990,000 shares authorized, 549,667 issued and outstanding as of December 31, 2020 and 2019)	5	5
Additional paid-in capital	48,668	48,668
Accumulated other comprehensive loss	(2,860)	(3,280)
Accumulated deficit	(36,962)	(75,415)
<b>Total shareholders' equity (deficit)</b>	<u>8,851</u>	<u>(30,022)</u>
<b>Total liabilities and shareholders' equity (deficit)</b>	<u><u>\$283,279</u></u>	<u><u>\$307,333</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

## CADRE HOLDINGS, INC.

**Consolidated Statements of Operations and Comprehensive Income (Loss)**  
**For the Years Ended December 31, 2020 and 2019**  
*(In thousands, except for share and per share amounts)*

	<b>2020</b>	<b>2019</b>
Net sales	\$404,642	\$420,736
Cost of goods sold	251,704	274,699
<b>Gross profit</b>	<b>152,938</b>	<b>146,037</b>
Operating expenses		
Selling, general and administrative	106,627	124,270
Restructuring and transaction costs	5,822	918
Related party expense	1,635	1,096
Other general income	(10,950)	(7,630)
<b>Total operating expenses</b>	<b>103,134</b>	<b>118,654</b>
<b>Operating income</b>	<b>49,804</b>	<b>27,383</b>
Other income (expense)		
Interest expense	(24,388)	(29,848)
Loss on extinguishment of debt	(200)	—
Other income, net	2,659	395
<b>Total other expense, net</b>	<b>(21,929)</b>	<b>(29,453)</b>
Income (loss) before benefit for income taxes	27,875	(2,070)
Benefit for income taxes	10,578	142
<b>Net income (loss)</b>	<b>\$ 38,453</b>	<b>\$ (1,928)</b>
<b>Net income (loss) per share:</b>		
Basic	\$ 69.96	\$ (3.52)
Diluted	\$ 69.96	\$ (3.52)
<b>Weighted average shares outstanding:</b>		
Basic	549,667	548,042
Diluted	549,667	548,042
Net income (loss)	\$ 38,453	\$ (1,928)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments arising during the period	420	1,883
<b>Comprehensive income (loss), net of tax</b>	<b>\$ 38,873</b>	<b>\$ (45)</b>

The accompanying notes are an integral part of these consolidated financial statements.



**CADRE HOLDINGS, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**  
*(In thousands)*

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Net income (loss)	\$ 38,453	\$ (1,928)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,733	15,443
Amortization of original issue discount and debt issue costs	2,216	1,340
Loss on extinguishment of debt	200	—
Non cash consideration received from sale of business	(9,197)	(5,175)
Deferred income taxes	(12,248)	(817)
Impairment	—	7,585
(Gain) loss on sale of fixed assets	(6,240)	428
Gain on sale of business	—	(3,019)
Gain on settlement of contingent consideration	(1,427)	—
Loss on settlement of equity securities	2,288	—
Provision for losses on accounts receivable	177	2,651
Foreign exchange gain	(940)	(1,859)
Changes in operating assets and liabilities:		
Accounts receivable	11,811	8,663
Inventories	1,639	5,716
Prepaid expenses and other assets	1,837	(1,918)
Accounts payable and other liabilities	2,117	(19,696)
<b>Net cash provided by operating activities</b>	<b>45,419</b>	<b>7,414</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(4,708)	(3,082)
Proceeds from disposition of property and equipment	12,408	70
Proceeds from sale of equity securities	14,372	2,531
Payments on settlement of equity securities	(2,288)	—
Proceeds from sale of business	—	26,853
<b>Net cash provided by investing activities</b>	<b>19,784</b>	<b>26,372</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from revolving credit facility	382,056	383,516
Principal payments on revolving credit facility	(384,215)	(406,381)
Proceeds from term loan	219,586	—
Principal payments on term loan	(276,444)	(9,357)
Proceeds from insurance premium financing	2,733	2,484
Principal payments on insurance premium financing	(2,897)	(2,437)
Payment of capital leases	(43)	(242)
Payment of contingent consideration	(240)	—
Payment of debt modification costs	(5,438)	—
<b>Net cash used in by financing activities</b>	<b>(64,902)</b>	<b>(32,417)</b>
Effect of foreign exchange rates on cash and cash equivalents	52	(139)
<b>Change in cash and cash equivalents</b>	<b>353</b>	<b>1,230</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,520</b>	<b>1,290</b>
<b>Cash and cash equivalents, end of period</b>	<b>2,873</b>	<b>2,520</b>

The accompanying notes are an integral part of these consolidated financial statements.

**CADRE HOLDINGS, INC.**  
**Consolidated Statements of Shareholders' Equity (Deficit)**  
**For the Years Ended December 31, 2020 and 2019**  
*(In thousands, except for share amounts)*

	<b>Common Stock</b>		<b>Additional Paid-In Capital</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Accumulated Deficit</b>	<b>Shareholders' Equity (Deficit)</b>
	<b>Shares</b>	<b>Amount</b>				
Balance, December 31, 2018	547,394	\$ 5	\$ 48,668	\$ (5,163)	\$ (73,487)	\$ (29,977)
Net loss	—	—	—	—	(1,928)	(1,928)
Foreign currency translation adjustments	—	—	—	732	—	732
Amounts reclassified from accumulated other comprehensive loss	—	—	—	1,151	—	1,151
Exercise of warrants	2,273	—	—	—	—	—
Balance, December 31, 2019	549,667	5	48,668	(3,280)	(75,415)	(30,022)
Net income	—	—	—	—	38,453	38,453
Foreign currency translation adjustments	—	—	—	420	—	420
Balance, December 31, 2020	549,667	5	48,668	(2,860)	(36,962)	8,851

The accompanying notes are an integral part of these consolidated financial statements.

**CADRE HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements**  
**(In thousands)**

**1. SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations and Basis of Presentation***

Cadre Holdings, Inc., D/B/A The Safariland Group (the “Company”, “Cadre”, “we”, “us”, and “our”), a Delaware corporation, began operations on April 23, 2012. The Company, headquartered in Jacksonville, Florida, is a global leader in manufacturing and distributing safety and survivability products and other related products for the law enforcement, first responder and military markets. The business operates through 15 manufacturing plants within the U.S., Mexico, Canada, the United Kingdom, and Lithuania, and sells its products worldwide through its direct sales force, distribution channel and distribution partners, online stores, and third-party resellers.

On June 20, 2019, the Company sold Mustang Survival Holdings Corporation and its subsidiaries (“Mustang”), a wholly owned subsidiary that forms the Company’s Marine Safety and Climate Protection Business. See Note 4, *Dispositions and Assets Held For Sale*, for additional information.

***Principles of Consolidation***

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP” or “U.S. GAAP”) and include the accounts of Cadre Holdings, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

***Emerging Growth Company***

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies, including, but not limited to, presenting only two years of audited financial statements, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation, and an exemption from the requirements to obtain a non-binding advisory vote on executive compensation or golden parachute arrangements.

In addition, an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this provision of the JOBS Act. As a result, we will not be subject to new or revised accounting standards at the same time as other public companies that are not emerging growth companies. Therefore, our consolidated financial statements may not be comparable to those of companies that comply with new or revised accounting pronouncements as of public company effective dates.

***Use of Estimates***

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

***Fair Value Measurements***

The Company follows the guidance of Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair

**CADRE HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements**  
**(In thousands)**

value and expands disclosures about fair value measurements. This guidance also establishes the following three-level hierarchy based upon the transparency of inputs to the valuation of an asset or liability on the measurement date:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that reflect assumptions about what market participants would use in pricing assets or liabilities based on the best information available.

The Company's financial instruments consist principally of cash, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities, income tax payable and debt. The carrying amounts of certain of these financial instruments, including cash, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities and income tax payable approximate their current fair value due to the relatively short-term nature of these accounts.

Refer to Note 6, *Fair Value Measurements*, for disclosure of the fair value of debt and contingent consideration and further information on the fair value of the Company's financial instruments.

***Cash and Cash Equivalents***

Included in cash and cash equivalents are deposits with banks, cash on hand in stores, and amounts due from credit card transactions. We have no restrictions on our cash and cash equivalents.

***Accounts Receivable***

Trade accounts receivable consists of amounts owed to the Company and is stated net of allowances. The Company's outstanding accounts receivable balances are exposed to credit risk and valuation allowances are established for estimated losses resulting from non-collection of outstanding amounts due from customers.

The Company establishes a reserve for estimated doubtful accounts based on the aging of its receivable balances and collection history. In addition, specific reserves are established for customer accounts as known collection problems occur due to insolvency, disputes, or other collection issues. The amounts of these specific reserves are estimated by management based on the customer's financial position, the age of the customer's receivables and the reasons for any disputes. The allowance for doubtful accounts is reduced by any write-off of uncollectible customer accounts.

***Inventories***

Inventories are stated at the lower of cost using the first-in, first-out method ("FIFO") or net realizable value. Elements of cost in the Company's manufactured inventories generally include raw materials, direct labor, indirect labor, manufacturing overhead and freight-in. The Company periodically reviews its inventories considering sales forecasts and historical experience to identify excess, close-out, or slow-moving items and makes provisions as necessary to properly reflect inventory value at the lower of cost or net realizable value.

***Assets Held for Sale***

An asset is considered to be held for sale when all of the following criteria are met: (i) management commits to a plan to sell the asset; (ii) it is unlikely that the disposal plan will be significantly modified or discontinued; (iii) the asset is available for immediate sale in its present condition; (iv) actions required to complete the sale of the asset have been initiated; (v) sale of the asset is probable and the completed sale is

**CADRE HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements**  
**(In thousands)**

expected to occur within one year; and (vi) the asset is actively being marketed for sale at a price that is reasonable given its current market value.

A long-lived asset classified as held for sale is measured at the lower of its carrying amount or fair value less cost to sell. A long-lived asset is not depreciated or amortized while it is classified as held for sale.

***Property and Equipment***

Property and equipment, including those acquired under capital lease agreements, is stated at cost less accumulated depreciation and amortization, except for assets acquired using acquisition accounting, which are initially recorded at fair value. Depreciation is computed using the straight-line method over the following estimated useful lives:

<b>Buildings and improvements</b>	5 to 39 years
<b>Furniture and fixtures</b>	10 years
<b>Computer hardware and software</b>	3 to 5 years
<b>Machinery and equipment</b>	3 to 8 years

Leasehold improvements are amortized over the lesser of the estimated useful life of the improvement or the life of the lease. Major replacements, which extend the useful lives of property and equipment, are capitalized and depreciated over the remaining useful life of the asset. Normal repair and maintenance items are expensed as incurred.

The recoverability of the carrying amount of property and equipment is assessed when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If it is determined that the carrying amount of an asset or asset group is not recoverable based upon expected undiscounted future cash flows of the asset or asset group, an impairment loss equal to the excess of the carrying amount over the estimated fair value of the asset or asset group is recorded.

***Goodwill and Other Intangible Assets***

The Company classifies intangible assets into three categories: i) intangible assets with definite lives subject to amortization, ii) intangible assets with indefinite lives not subject to amortization and iii) goodwill. The Company determines the useful lives of its identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors the Company considers when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset, and other economic factors, including competition and specific market conditions. Intangible assets that are deemed to have definite lives are amortized on a straight-line basis over their useful lives.

The Company tests goodwill and intangible assets determined to have indefinite useful lives for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. The Company performs these annual impairment tests as of October 31<sup>st</sup> each year. Goodwill is evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. As of October 31, 2020 and 2019, the Company had three reporting units: Safariland, Med-Eng, and Distribution.

In evaluating goodwill for impairment, qualitative factors are considered to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Some of these qualitative factors may include macroeconomic conditions, industry and market considerations, a change in financial performance, or entity-specific events. If, through this qualitative assessment, the conclusion is made that it is more likely than not that a reporting unit's fair value is less than its carrying amount, the Company

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performs a two-step goodwill impairment test. The first step involves a comparison of the fair value of a reporting unit to its carrying value. If the carrying amount of the reporting unit exceeds its fair value, the second step of the process is performed, which compares the implied value of the reporting unit goodwill with the carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The Company determines the fair value of its reporting units based on a combination of the income approach and market approach, weighted based on the circumstances. Under the income approach, the discounted cash flow model determines fair value based on the present value of projected cash flows over a specific projection period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate that reflects the Company's best estimate of the weighted average cost of capital of a market participant and is adjusted for appropriate risk factors. The Company performs sensitivity tests with respect to growth rates and discount rates used in the income approach. Under the market approach, valuation multiples are derived based on a selection of comparable companies and acquisition transactions and applied to projected operating data for each reporting unit to arrive at an indication of fair value.

***Other Intangible Assets***

For indefinite-lived intangible assets other than goodwill, the impairment test consists of a comparison of the fair value of the intangible asset with its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recognized in an amount equal to that excess.

The Company tests definite-lived intangible assets for recoverability when changes in circumstances indicate the carrying value may not be recoverable. Events that trigger a test for recoverability include:

- material adverse changes in projected revenues and expenses;
- significant underperformance relative to historical and projected future operating results;
- significant negative industry or economic trends; and,
- a significant adverse change in the manner in which an asset group is used or in its physical condition.

Future adverse changes in these or other unforeseeable factors could result in an impairment charge that could materially impact future results of operations and financial position in the reporting period identified.

When a triggering event occurs, a test for recoverability is performed by comparing projected undiscounted future cash flows to the carrying value of the asset group. If the test for recoverability identifies a possible impairment, the asset group's fair value is measured relying primarily on a discounted cash flow method. An impairment charge is recognized for the amount by which the carrying value of the asset group exceeds its estimated fair value. When an impairment loss is recognized for assets to be held and used, the adjusted carrying amount of those assets is depreciated over their remaining useful life. For the periods presented, the Company has not recorded any impairments of long-lived assets.

***Accounts Payable***

Accounts payable represents amounts owed by us to third parties at the end of the period. Accounts payable includes \$1,329 and \$1,145 of book cash overdrafts in excess of cash balances in such accounts at December 31, 2020 and 2019, respectively. We include the change in book cash overdrafts in operating cash flows in the consolidated statements of cash flows.

***Revenue Recognition***

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09") and Accounting

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Standards Codification (“ASC”) Subtopic 340-40, *Other Assets and Deferred Costs — Contracts with Customers* (“ASC 340-40”), (collectively, “Topic 606”). On January 1, 2019, the Company adopted Topic 606 using the modified retrospective method applied to revenues that were not completed as of January 1, 2019.

There was no cumulative effect adjustment recorded to opening retained earnings as of January 1, 2019, upon adoption of Topic 606, Revenue from Contracts with Customers. We do not expect an impact to our net income on an ongoing basis as a result of the adoption of the new standard.

The Company derives revenue primarily from the sale of physical products. The Company recognizes revenue when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied by transferring the goods or service to the customer. The performance obligation is considered satisfied when control transfers, which is generally determined when products are shipped or delivered to the customer but could be delayed until the receipt of customer acceptance, depending on the terms of the contract. Sales are made on normal and customary short-term credit terms or upon delivery for point of sale transactions.

The Company enters into contractual arrangements primarily with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms. The Company has some long-term contracts that may contain research and development performance obligations that are satisfied over time. The Company invoices the customer once the billing milestone is reached and collects under customary short-term credit terms. For long-term contracts, the Company recognizes revenue using the input method based on costs incurred, as this method is an appropriate measure of progress toward the complete satisfaction of the performance obligation. Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicate a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

At the time of revenue recognition, the Company also provides for estimated sales returns and miscellaneous claims from customers as reductions to revenues. The estimates are based on historical rates of product returns and claims. The Company accrues for such estimated returns and claims with an estimated accrual and associated reduction of revenue. Additionally, the Company records inventory that it expects to be returned as part of inventories, with a corresponding reduction to cost of goods sold.

Charges for shipping and handling fees billed to customers are included in net sales and the corresponding shipping and handling expenses are included in cost of goods sold in the accompanying consolidated statements of operations and comprehensive income (loss). We consider our costs related to shipping and handling after control over a product has transferred to a customer to be a cost of fulfilling the promise to transfer the product to the customer.

Sales commissions paid to employees as compensation are expensed as incurred for contracts with service periods less than a year. For contracts with service periods greater than a year, these costs are capitalized and amortized over the life of the contract. These costs are recorded in selling, general and administrative expenses in the Company’s consolidated statements of operations and comprehensive income (loss).

*Policy Elections*

- The Company does not account for significant financing components if, at contract inception, the period between when the entity transfers a promised good or service to a customer and when the customer pays for the product or service will be one year or less.

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- Incremental costs to obtain a contract with a customer will be capitalized if the Company expects to recover those costs unless the amortization period is one year or less.
- The Company recognizes revenue equal to the amount it has the right to invoice when the amount corresponds directly with the value to the customer of the Company's performance to date.
- The Company does not account for shipping and handling activities as a separate performance obligation, but rather as an activity performed to transfer the promised goods.
- Taxes collected from customers and remitted to government authorities are reported on a net basis and are excluded from sales.

***Product Warranty***

Some of the Company's manufactured products carry limited warranty provisions for defects in quality and workmanship. A warranty reserve is established at the time of sale to cover estimated costs based on the Company's history of warranty repairs and replacements and is recorded in cost of goods sold in the Company's consolidated statements of operations and comprehensive income (loss).

The following table represents changes in the Company's accrued warranties and related costs:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Beginning accrued warranty expense	\$ 2,114	\$ 2,330
Current period claims	(442)	(456)
Provision for current period sales	307	490
Impact of accounting estimate change	(846)	—
Mustang disposal	—	(250)
Ending accrued warranty expense	<u>\$ 1,133</u>	<u>\$ 2,114</u>

***Cost of Goods Sold***

Cost of goods sold includes raw material purchases, manufacturing-related labor costs, contracted labor, shipping costs, reimbursable research and development costs, allocated manufacturing overhead, facility costs, depreciation and amortization, and product warranty costs.

***Selling, General & Administrative Expenses***

Selling, general and administrative expense includes personnel-related costs, professional services, marketing and advertising expense, research and development, depreciation and amortization, and impairment charges.

***Advertising Expenses***

Advertising costs are expensed in the period incurred. Advertising expenses primarily consist of marketing, promotions, catalog and trade show expenses and were \$2,692 and \$3,468 during the years ended December 31, 2020 and 2019, respectively. Advertising expenses are included in selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss).

***Research and Development***

Research and development expenses are expensed as incurred and included within selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss). Total research and development costs were \$5,630 and \$6,868 for the years ended December 31, 2020 and 2019, respectively.



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In addition, the Company incurs research and development expenses related to reimbursable development contracts. Contractual research and development expenses are included in cost of goods sold in the Company's consolidated statements of operations and comprehensive income (loss) and were \$3,697 and \$2,291 for the years ended December 31, 2020 and 2019, respectively.

***Debt Issuance Costs***

The Company capitalizes costs related to the issuance of debt under the provisions of ASC Subtopic 835-30, *Interest—Imputation of Interest*. Debt issuance costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability and subsequently amortized on a straight-line method which approximates the effective interest method over the life of the related loan. Debt issuance costs related to line-of-credit and delayed draw arrangements are presented in the consolidated balance sheets as an asset and subsequently amortized ratably over the term of the respective arrangement. Amortization of debt issuance costs is included as a component of interest expense in the Company's consolidated statements of operations and comprehensive income (loss).

***Restructuring Costs***

Restructuring costs consist primarily of termination benefits and relocation of employees, termination of operating leases and other contracts related to consolidating or closing facilities. The Company applies the provisions of ASC Topic 420, *Exit or Disposal Cost Obligations* ("ASC 420") and ASC Topic 712, *Nonretirement Postemployment Benefits* ("ASC 712") in the recording of severance costs. Severance costs accounted for under ASC 420 are recognized when management with the proper level of authority commits to a restructuring plan and communicates those actions to employees and other applicable criteria. Severance costs accounted for under ASC 712 are recognized when it is probable that employees are entitled to benefits and the amount could be reasonably estimated. Other exit costs are reviewed by management and are either deferred or expensed as incurred based on the nature of the expense.

***Income Taxes***

The Company accounts for income taxes under the provisions of ASC Topic 740, *Income Taxes*. Deferred tax assets and liabilities are determined based on differences between the financial statement carrying amounts and tax bases of assets and liabilities and are classified as noncurrent in the consolidated balance sheets.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Changes in tax laws and rates could have a material impact on the deferred tax assets and liabilities recorded.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Significant estimates are used in the evaluation of the need for a valuation allowance including estimates regarding future taxable income. Changes to those estimates could impact management's conclusions regarding the need for valuation allowances on some or all of the deferred tax assets. The Company releases the income tax effects of deferred tax balances that have a valuation allowance from accumulated other comprehensive loss once the reason the tax effects were established ceases to exist.

The Company is subject to income taxes in the United States and several foreign jurisdictions. In the United States, the Company files a consolidated income tax return with its domestic subsidiaries. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the

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consolidated financial statements in the period during which, based on all available evidence, it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Further information regarding the Company's tax positions is included in Note 14 *Income Taxes*.

***Accumulated Other Comprehensive Loss***

Comprehensive income (loss) represents all changes in equity of the Company that result from recognized transactions and other economic events during the period. Other comprehensive income refers to revenues, expenses, gains, and losses that under GAAP are included in comprehensive income (loss) but excluded from net income (loss).

***Foreign Currency***

**Translation**

Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. Dollars are translated into U.S. Dollars using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rate prevailing throughout the period. The effects of unrealized exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are accumulated as the cumulative translation adjustment included in accumulated other comprehensive loss in the consolidated balance sheets.

**Transaction**

Transactions denominated in foreign currency are recorded at the exchange rate on the date of each transaction. Realized gains and losses on foreign currency transactions are included in other income, net in the consolidated statements of operations and comprehensive income (loss), except on certain intercompany balances which the Company has determined are of a long-term investment nature, which are included in accumulated other comprehensive loss in the consolidated balance sheets. Monetary assets and liabilities are remeasured at the balance sheet date at end-of-period exchange rates. Unrealized gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in other income, net in the consolidated statements of operations and comprehensive income (loss) in the period in which they occur.

***Investments in Equity Securities***

Investments in equity securities are recorded in accordance with ASC Subtopic 321-10 *Investments — Equity Securities*. Equity securities are carried at fair value, with changes in fair value reported in other income, net in the consolidated statements of operations and comprehensive income (loss). The Company uses quoted market prices to determine the fair value of equity securities with readily determinable fair values.

***Net Income (Loss) per Share***

Basic income or loss per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the periods presented. Diluted income (loss) per share reflects the potential dilution from outstanding warrants. For the year ended December 31, 2019, there were 1,625 shares excluded from the diluted earnings per share calculation because the impact of their assumed exercise

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would be antidilutive due to a net loss in that period. The calculation of weighted average shares outstanding and net income (loss) per share are as follows (in thousands, except for per share data):

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Numerator for basic and diluted earnings per share:</b>		
Net income (loss)	\$ 38,453	\$ (1,928)
<b>Denominator:</b>		
Weighted average shares outstanding – basic	549,667	548,042
Dilutive effect of warrants	—	—
Diluted weighted average shares outstanding	549,667	548,042
Anti-dilutive warrants excluded	—	1,625
<b>Net income (loss) per share:</b>		
Basic	\$ 69.96	\$ (3.52)
Diluted	\$ 69.96	\$ (3.52)

***Risk and Uncertainties***

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and accounts receivable. Risks associated with cash within the United States and foreign countries are mitigated by banking with federally insured, creditworthy institutions. As of December 31, 2020, and 2019, the Company had deposits of \$3,130 and \$1,868, respectively, at foreign financial institutions.

Accounts receivable are financial instruments that also expose the Company to concentration of credit risk. Such exposure is limited by the large number of customers comprising the Company's customer base and their dispersion across different geographic areas. In addition, the Company routinely assesses the financial strength of its customers and maintains an allowance for doubtful accounts that management believes will adequately provide for credit losses. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses as considered necessary by management.

**Novel Coronavirus (COVID-19)**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. During 2020, the business was relatively unaffected. In all countries and states which the business operates, the relevant local authorities have deemed the business to be essential in nature and thereby allowed us to continue operations during any government mandated shutdowns. The business has taken many measures to mitigate outbreaks in any of its facilities that would negatively impact the business. The extent to which the Company's business may be affected by the current outbreak of the Coronavirus will largely depend on both current and future developments, including its duration, spread and treatment, all of which are highly uncertain and cannot be reasonably predicted. While any impact to global markets is uncertain, the Company continues to monitor developments.

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***Recent Accounting Pronouncements***

**Pronouncements Adopted During 2020**

In August 2018, the FASB issued ASU 2018-13, which modifies the disclosure requirements on fair value measurements. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Company adopted this ASU effective January 1, 2020. The adoption did not have a material impact on the Company's disclosures. Refer to Note 6, *Fair Value Measurements*, for further discussion.

**Accounting Pronouncements Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is intended to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. In July 2018, the FASB issued additional guidance which provided an additional transition method for adopting the updated guidance. Under the additional transition method, entities may elect to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the year of adoption. In June 2020, the FASB issued additional guidance which extends the effective date of ASU 2016-02 for emerging growth companies to begin in fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company plans to adopt this standard on January 1, 2022 and is currently in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 includes an impairment model (known as the current expected credit loss model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. The use of forecasted information is intended to incorporate more timely information in the estimate of expected credit loss. In November 2019, the FASB issued additional guidance which extends the effective date of ASU 2016-13 for emerging growth companies to begin in fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company plans to adopt this standard on January 1, 2023 and is currently in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying existing guidance. For emerging growth companies, this ASU is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements and related disclosures.

There were no other new accounting standards that the Company expects to have a potential material impact to the financial position or results of operations upon adoption.

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**2. ACCOUNTS RECEIVABLE, NET**

The following is a reconciliation of the changes in our allowance for doubtful accounts during fiscal 2020 and 2019:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Beginning allowance for doubtful accounts	\$ 1,345	\$ 1,260
Provision	177	2,651
Write-offs, net of recoveries	(409)	(2,488)
Mustang disposal	—	(78)
Ending allowance for doubtful accounts	<u>\$ 1,113</u>	<u>\$ 1,345</u>

**3. INVESTMENT IN EQUITY SECURITIES**

In connection with the sale of Viewu to Axon Enterprise, Inc., the Company received earn-out stock payments on the first and second anniversary of the sale date based on the retention of certain customers. In May 2019, we received the first stock payment of 70,613 shares with an associated fair value of \$4,611, which is included in other general expenses in the consolidated statements of operations and comprehensive income (loss). As of December 31, 2019, the Company had equity securities of \$5,175 which were recorded within other current assets in the consolidated balance sheets. During the first quarter of 2020, the Company sold the equity securities for \$5,591. In May 2020, we received the second and final stock payment of 70,613 shares with an associated fair value of \$4,731, which is included in other general expenses in the consolidated statements of operations and comprehensive income (loss). The Company sold the equity securities for \$8,781 in December 2020.

Shortly after receiving the second stock payment, the Company entered into a stock collar transaction to mitigate the impact of market volatility on our equity securities. The stock collar was settled at the time the equity securities were sold in December 2020 and resulted in a loss of \$2,288.

The calculation of net unrealized gains and losses recognized during the year related to equity securities still held at the end of the year is as follows:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net gains recognized during the year	\$ 2,178	\$ 2,175
Less: Net gains recognized during the year related to equity securities sold during the year	(2,178)	—
Net unrealized gains recognized during the year related to equity securities still held at the end of the year	<u>\$ —</u>	<u>\$ 2,175</u>

**4. DISPOSITIONS AND ASSETS HELD FOR SALE**

*Dispositions*

On June 20, 2019, the Company completed the sale of all the issued and outstanding shares of Mustang for a sales price of \$27,000, exclusive of net working capital adjustments of \$147 paid to the buyer. The Company received \$26,853 in cash. As of December 31, 2019, the company recognized a gain of \$3,019 associated with the sale of Mustang which is included in other general expenses in the consolidated statements of operations and comprehensive income (loss). In connection with the sale of Mustang, Kanders & Company, Inc., a company controlled by Warren Kanders, our Chairman of the Board, received compensation

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from Cadre of \$450, which is included in related party expense in the Company's consolidated statements of operations and comprehensive income (loss).

The sale of Mustang did not meet the criteria for classification as discontinued operations as the deconsolidation did not represent a strategic shift in the business.

*Held for Sale*

In November 2019, the Company designated a Ontario, California facility as held for sale. Accordingly, during 2019, the Company determined that the assets and liabilities associated with the Ontario, California facility met the criteria for classification as held for sale but did not meet the criteria for classification as discontinued operations as the deconsolidation did not represent a strategic shift in the business. Total assets associated with our Ontario, California facility were \$6,168 and are presented in our consolidated balance sheet as of December 31, 2019 as current assets held for sale. There were no liabilities associated with the facility. The Company completed the sale of this facility on April 1, 2020 for a net sales price of \$12,387, resulting in a gain of \$6,219 included in other general expenses in the consolidated statements of operations and comprehensive income (loss) as of December 31, 2020.

**5. REVENUE RECOGNITION**

The following tables disaggregate net sales by channel and geography:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
U.S state and local agencies <sup>(a)</sup>	\$ 230,706	\$ 219,482
Commercial	35,648	32,837
U.S. federal agencies	63,267	74,756
International	68,669	89,367
Other	6,352	4,294
Net sales	<u>\$ 404,642</u>	<u>\$ 420,736</u>

(a) Includes all Distribution sales

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
United States	\$ 335,973	\$ 331,369
International	68,669	89,367
	<u>\$ 404,642</u>	<u>\$ 420,736</u>

Revenue by product is not disclosed, as it is impractical to do so.

*Contract Liabilities*

Contract liabilities are recorded as a component of other liabilities when customers remit cash payments in advance of the Company satisfying performance obligations which are satisfied at a future point of time. Contract liabilities are derecognized when the performance obligation is satisfied. Contract liabilities are included in accrued liabilities in the Company's consolidated balance sheets and totaled \$6,485 and \$2,072, at December 31, 2020 and 2019, with all of the 2019 contract liabilities being recognized in revenue during the year ended December 31, 2020.

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*Remaining Performance Obligations*

As of December 31, 2020, we had \$27,516 of remaining performance obligations, which included amounts that will be invoiced and recognized in future periods. The remaining performance obligations are limited only to arrangements that meet the definition of a contract under Topic 606 as of December 31, 2020. We expect to recognize 89% of this balance over the next twelve months and expect the remainder to be recognized in the following two years.

**6. FAIR VALUE MEASUREMENTS**

There were no assets and liabilities measured at fair value on a recurring basis as of December 31, 2020. Assets and liabilities measured at fair value on a recurring basis as of December 31, 2019 consisted of:

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Equity investments	\$5,175	—	—	5,175
Total assets at fair value	<u>\$5,175</u>	<u>—</u>	<u>—</u>	<u>5,175</u>
<b>Liabilities:</b>				
Contingent consideration <sup>(a)</sup>	\$ —	—	1,667	1,667
Total liabilities at fair value	<u>\$ —</u>	<u>—</u>	<u>1,667</u>	<u>1,667</u>

- (a) Represents the estimated fair value of the additional variable cash consideration payable by the Company in connection with an acquisition completed by the Company in a prior year that was contingent upon the achievement of certain performance milestones. The Company estimated the fair value using expected future cash flows over the period in which the obligations are expected to be settled and applied a discount rate that appropriately captures a market participant's view of the risk associated with the obligation. Significant increases (decreases) to values of the unobservable inputs would result in a lower (higher) fair value measurement. The unobservable inputs are not considered to be interrelated. The liabilities are included in accrued liabilities in the Company's consolidated balance sheets, based upon the timing of the expected payout. As of December 31, 2020, the obligation has been fully settled with the difference between the settled amount and the fair value included in selling, general, and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss).

There were no transfers of assets or liabilities between levels during the years ended December 31, 2020, and 2019.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy as of December 31, 2019 are as shown below:

	Valuation technique	Significant unobservable inputs	Range
<b>Contingent Consideration</b>	Discounted Cash Flows	Discount rate	17.00%

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The following table provides a summary of changes in fair value of the Company's Level 3 financial instruments for the years ended December 31, 2020 and 2019.

	<b>Level 3 Instruments</b>
Balance, December 31, 2018	\$ 1,667
Settlement of obligation	—
Balance, December 31, 2019	\$ 1,667
Settlement of obligation	(240)
Fair value adjustment included in earnings	(1,427)
Balance, December 31, 2020	\$ —

The carrying value of our long-term debt obligations approximates the fair value, as the long-term debt was entered close to year-end. The Company classifies its long-term debt within Level 2 of the fair value hierarchy.

## 7. INVENTORIES

The following table sets forth a summary of inventories stated at lower of cost or net realizable value, as of December 31, 2020 and 2019:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Finished goods	\$25,986	\$21,458
Work-in-process	3,741	4,614
Raw materials and supplies	31,196	36,054
	<u>\$60,923</u>	<u>\$62,126</u>

## 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 4,620	\$ 4,620
Building and improvements	17,367	15,030
Furniture and fixtures	1,288	1,191
Computer hardware and software	23,125	22,273
Machinery and equipment	22,162	20,066
Construction in progress	518	1,096
	<u>69,080</u>	<u>64,276</u>
Less accumulated depreciation	(33,643)	(28,228)
	<u>\$ 35,437</u>	<u>\$ 36,048</u>

The Company recorded depreciation expense of \$5,495 and \$6,626 for the years ended December 31, 2020 and 2019, respectively, of which \$2,523 and \$2,900 was included in cost of goods sold in the consolidated statements of operations and comprehensive income (loss) for the respective years.



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**9. GOODWILL AND OTHER INTANGIBLE ASSETS**

*Goodwill*

The following table summarizes the changes in goodwill during the years ended December 31, 2020 and 2019:

	<b>Products</b>	<b>Distribution</b>	<b>Total</b>
Balance, December 31, 2018	\$66,780	\$ 10,201	\$76,981
Impairment losses	—	(7,585)	(7,585)
Foreign currency translation adjustments	93	—	93
Mustang disposal	(3,309)	—	(3,309)
Balance, December 31, 2019	63,564	2,616	66,180
Foreign currency translation adjustments	134	—	134
Balance, December 31, 2020	<u>\$63,698</u>	<u>\$ 2,616</u>	<u>\$66,314</u>

*Impairment of Goodwill*

In 2019, as a result of a decline in the forecasted financial performance for the Distribution reporting unit, the Company performed an impairment evaluation and determined that the carrying value of the goodwill of the Distribution reporting unit exceeded the implied fair value. The decline in the fair value of the Distribution reporting unit was primarily due to unfavorable performance in 2019 that was impacting operating margins that led the Company to use a higher discount rate due to an increase in the risk-free rate of return. The Company recorded a goodwill impairment charge of \$7,585 within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss) as of December 31, 2019. No impairment losses were recorded during the year ended December 31, 2020. Gross goodwill and accumulated impairment losses was \$73,899 and \$7,585 at December 31, 2020 and \$73,765 and \$7,585, respectively, at December 31, 2019.

*Intangible Assets*

Intangible assets such as certain customer relationships and patents on core technologies and product technologies are amortizable over their estimated useful lives. Certain trade names and trademarks which provide exclusive and perpetual rights to manufacture and sell their respective products are deemed indefinite-lived and are therefore not subject to amortization.

Intangible assets, net of amortization, as of December 31, 2020, and 2019 are as follows:

	<b>December 31, 2020</b>			
	<b>Gross</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Weighted Average Useful Life</b>
Definite lived intangibles:				
Customer relationships	\$74,123	(45,815)	28,308	12
Technology	11,991	(10,333)	1,658	7
Tradenames	6,490	(2,135)	4,355	1
Non-compete agreements	1,041	(1,027)	14	4
	<u>\$93,645</u>	<u>(59,310)</u>	<u>34,335</u>	

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	December 31, 2020			
	Gross	Accumulated amortization	Net	Weighted Average Useful Life
Indefinite lived intangibles:				
Tradenames	16,674	—	16,674	Indefinite
Total	<u>\$110,319</u>	<u>(59,310)</u>	<u>51,009</u>	
	December 31, 2019			
	Gross	Accumulated amortization	Net	Weighted Average Useful Life
Definite lived intangibles:				
Customer relationships	\$ 73,825	(39,010)	34,815	12
Technology	11,913	(8,991)	2,922	7
Tradenames	3,640	(913)	2,727	1
Non-compete agreements	1,020	(944)	76	4
	<u>\$ 90,398</u>	<u>(49,858)</u>	<u>40,540</u>	
Indefinite lived intangibles:				
Tradenames	19,415	—	19,415	Indefinite
Total	<u>\$109,813</u>	<u>(49,858)</u>	<u>59,955</u>	

The Company recorded amortization expense of \$9,238 and \$8,817 for the years ended December 31, 2020 and 2019, respectively, of which \$1,342 and \$1,729 was included in cost of goods sold in the consolidated statements of operations and comprehensive income (loss) for the respective years.

The estimated amortization expense for finite-lived intangible assets for the next five years and thereafter is presented below.

2021	\$ 8,366
2022	7,608
2023	6,601
2024	3,603
2025	1,650
Thereafter	6,507
	<u>\$34,335</u>

#### 10. ACCRUED LIABILITIES

Accrued liabilities as of December 31, 2020 and 2019 are as follows:

	December 31,	
	2020	2019
Accrued expenses	\$ 4,257	\$ 2,760
Accrued compensation and payroll tax	18,745	15,570
Accrued interest payable	703	2,043
Accrued warranty expense	1,133	2,368

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	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Deferred revenue and customer credit balances	7,262	4,870
Other accrued liabilities	3,904	4,595
	<u>\$36,004</u>	<u>\$32,206</u>

**11. DEBT**

The Company's debt is as follows:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Short-term debt:</b>		
Insurance premium financing	\$ 1,225	\$ 1,389
Current portion of term loan	2,251	2,920
Current portion of other	20	19
	<u>\$ 3,496</u>	<u>\$ 4,328</u>
<b>Long-term debt:</b>		
Revolving credit facility	\$ —	\$ 2,159
Term loan	222,187	273,254
Other	128	145
	<u>\$222,315</u>	<u>\$275,558</u>
Unamortized debt discount and debt issuance costs	<u>(13,005)</u>	<u>(5,245)</u>
Total long-term debt, net	<u>\$209,310</u>	<u>\$270,313</u>

*Revolving Credit Facility*

Prior to 2019, the Company executed a Revolving Credit Agreement, as amended and restated, ("Credit Facility Agreement") with Bank of America, N.A., as agent and sole lender, that provides total committed capital of \$50,000 in the form of a revolving credit facility (the "Revolving Credit Facility"), which is allocated into US and Canadian categories of \$45,000 and \$5,000 respectively.

In June 2019, the Company entered into an amendment to the Credit Facility Agreement. This amendment gave consent to the Mustang sale transaction and released Mustang from its obligations under the Credit Facility Agreement.

In November 2020, the Company entered into an amendment to the Credit Facility Agreement, which gave consent to the Term Loan debt refinancing and extended the terms of the Credit Facility Agreement to November 2025.

The Revolving Credit Facility is collateralized by the Company's and subsidiaries' property, including but not limited to accounts receivable, inventory and real estate. The Revolving Credit Facility classifies eligible accounts receivable and inventory into three groups: United States inventory and accounts receivable denominated in U.S. dollars; Canadian inventory and accounts receivable denominated in U.S. dollars; and Canadian inventory and accounts receivable denominated in Canadian dollars.

The Revolving Credit Facility bears interest at a base rate ("Base Rate") plus an applicable margin as determined by average availability or 30, 60, or 90 day London Interbank Offered Rate ("LIBOR") plus an

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applicable margin as determined by average availability. The Base Rate is calculated as, for any day, a per annum rate equal to the greater of the Prime Rate for such day or the Federal Funds Rate for such day plus 0.50%. Interest is payable monthly, and all outstanding interest and principal is due at the maturity date. Availability to borrow under the Revolving Credit Facility is calculated by applying a borrowing advance rate to eligible accounts receivable and inventory, which is reported to the bank in the form of a borrowing base certificate ("Borrowing Base"). In addition to interest paid on outstanding borrowings, the Revolving Credit Facility is also subject to an unused commitment fee, which is paid monthly.

The Revolving Credit Facility contains various affirmative, negative and financial covenants which the Company considers to be customary for such borrowings and requires the Company and its subsidiaries to maintain a minimum fixed charge coverage ratio includes certain limitations on cross-border intercompany transactions. Failure to meet one or more of these covenants would result in an event of default, and if uncured, could eliminate the Company's ability to borrow and result in acceleration of principal repayment on any amounts outstanding.

Under the terms of the Revolving Credit Facility, the Company is required to provide audited financial statements to its lenders and agents no later than 90 days following the close of each fiscal year. For the fiscal year ended December 31, 2019, the Company requested, and its lenders and agents consented to, a 30 day extension of this deadline. The Company was in compliance with all financial covenants during 2020 and 2019.

As of December 31, 2020 and 2019, the Company had outstanding borrowings under the Revolving Credit Facility of \$0 and \$2,159, that bore interest at a U.S. all-in rate (U.S. Base Rate plus applicable margin) of 3.5% and 5.0% and a Canadian all-in rate (Canadian Base Rate plus applicable margin) of 3.7% and 5.2%, respectively. As of December 31, 2020 and 2019, availability, less outstanding letters of credit, was \$41,299 and \$40,387, respectively. The Company had outstanding letters of credit of \$2,713 and \$2,453 on December 31, 2020 and 2019, respectively.

#### *Term Loan*

Prior to 2019, the Company executed a \$279,000 Term Loan and Security Agreement, as amended and restated, (the "Original Term Loan Agreement") with certain financial institutions as lenders and Virtus Group, L.P. as agent. The Original Term Loan (the "Original Term Loan") was issued with a debt discount of \$4,185 with a maturity date of November 18, 2023.

The Original Term Loan bears interest at an applicable rate of LIBOR Rate plus 7.25% or Base Rate plus 6.25%. For applicable rate determination, LIBOR is the higher of 1.00% and the LIBOR for a term equivalent to such period. The Original Term Loan is collateralized by all property including but not limited to accounts receivable, inventory, fixed assets and real estate with seniority in the Company's fixed assets and real estate. The Original Loan may be prepaid or terminated after one year at the Company's option with the payment of a prepayment penalty of 2% of the outstanding principal balance in year one, 1% of the outstanding principal balance in year two, and none in year three and thereafter. The Original Term Loan requires quarterly outstanding principal payments of \$730 through September 30, 2023. Any outstanding principal balance together with any accrued but unpaid interest or fees will be due in full at maturity.

In June 2019, the Company entered into an amendment to the Original Term Loan Agreement. This amendment gave consent to the Mustang sale transaction and released Mustang from its obligations under the Original Term Loan Agreement.

On February 11, 2020, the Original Term Loan was assigned to a new group of financial institutions. This transaction did not result in any changes or amendments to the terms, provisions, or balances of the Original Term Loan, as disclosed above.

On November 17, 2020, the Company settled the Original Term Loan and executed a \$225,000 Term Loan and Security Agreement (the "Term Loan Agreement") with certain financial institutions as lenders

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and an agent. The Term Loan (the “Term Loan”) was issued with a debt discount of \$10,126 comprised of \$5,063 in original issuance discount and \$5,063 of fees paid to the lender, and a maturity date of May 17, 2026. In connection with the execution of the Term Loan Agreement, Kanders & Company, Inc., a company controlled by Warren Kanders, our Chairman of the Board, received compensation from Cadre of \$1,000, which is included in related party expense in the Company’s consolidated statements of operations and comprehensive income (loss).

In conjunction with the settlement of the Original Term Loan and the execution of the Term Loan Agreement, the Company performed a restructuring analysis under ASC 470, *Debt*, to determine the appropriate accounting treatment of certain costs. Based on this analysis, the Company recorded a loss on debt extinguishment of \$200 related to the write-off of unamortized debt discount and debt issuance costs and capitalized additional debt discount of \$10,126.

The Term Loan includes a feature for delayed draws up to \$30,000 (the “Delayed Draw Maximum Amount”) to consummate permitted acquisitions under the Term Loan Agreement with such feature terminated on November 17, 2021 (the “Delayed Draw Termination Date”). Any delayed draw amounts will have an accompanying fee of 1%. Effective upon the earlier to occur of the Delayed Draw Maximum Amount being completely drawn or the Delayed Draw Termination Date, the Term Loan Agreement permits the Company to request up to \$40,000, plus the unused portion (up to \$20,000) of the Delayed Draw Maximum Amount, if any remains as of the Delayed Draw Termination Date, in incremental increases, provided certain conditions, including meeting a leverage ratio test, are met and at a minimum of \$1,000 and integral multiples of \$100 in excess thereof. There have been no delayed draws under the Term Loan Agreement as of December 31, 2020.

The Term Loan Agreement bears interest at an applicable rate of LIBOR rate plus 6.50% or Base Rate plus 5.50% if the Company reports a Leverage Ratio of less than or equal to 5.00 to 1.00 or a rate of LIBOR rate plus 7.00% or Base Rate plus 6.00% if the Company reports a Leverage Ratio greater than 5.00 to 1.00. For applicable rate determination, LIBOR is the higher of 1.00% or the LIBOR for a term equivalent to such period. The Term Loan is collateralized by all property including but not limited to accounts receivable, inventory, fixed assets and real estate with seniority in the Company’s fixed assets and real estate. The Term Loan may be prepaid up to \$10,000 with no prepayment premium in year one, with additional prepayments accompanied by a 2% prepayment premium, and \$10,000 with no prepayment premium in year two, with additional prepayments accompanied by a 1% prepayment premium, with no prepayment premium thereafter. The Term Loan Agreement requires quarterly outstanding principal payments of \$563 through March 31, 2026 plus 0.25% of the original principal amount of any Delayed Draw Loans outstanding on such date. Any outstanding principal balance together with any accrued but unpaid interest or fees will be due in full at maturity.

The Term Loan Agreements contain certain restrictive debt covenants that require the Company and its subsidiaries to: (i) maintain a minimum fixed charge coverage ratio and (ii) maintain a quarterly maximum leverage ratio. In addition, the Term Loan Agreements contain covenants restricting the Company and its subsidiaries from engaging in acquisitions other than acquisitions permitted by the Term Loan Agreements. The Term Loan Agreements contain customary events of default (with grace periods where customary), including, among other things, failure to pay any principal or interest when due; any materially false or misleading representation, warranty, or financial statement; failure to comply with or to perform any provision of the Term Loan Agreements; and default on any debt or agreement in excess of certain amounts.

The Credit Facility Agreement and the Term Loan Agreements have a cross-default clause whereby a violation of one may constitute a violation in the other causing an acceleration of payments.

Additionally, under the terms of the Term Loan Agreements, the Company is required to provide audited financial statements to its lenders and agents no later than 90 days following the close of each fiscal year. For the fiscal year ended December 31, 2019, the Company requested, and its lenders and agents

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consented to, a 30-day extension of this deadline. The Company was in compliance with all financial covenants during 2020 and 2019.

As of December 31, 2020 and 2019, the Term Loan's outstanding principal balance was \$224,438 and \$276,174 and bore interest at 7.50% and 9%, respectively.

As of December 31, 2020 and 2019, the Company had an unamortized debt discount of \$11,906 and \$3,387 and unamortized debt issuance costs of \$1,099 and \$1,858, respectively, included as an offset to debt in the consolidated balance sheets.

*Short-Term Debt*

In August 2019, the Company entered into a short-term loan facility (the "2019 Short-Term Loan") for insurance premium financing with Imperial PFS for \$2,754 with a maturity date of June 27, 2020. The loan had a fixed annual interest rate of 4.29% on the outstanding balance and required monthly payments of principal and interest of \$281. We repaid the outstanding balance on the date of maturity.

In August 2020, the Company entered into a short-term loan facility (the "2020 Short-Term Loan") for insurance premium with Aon Premium Finance for \$2,733 with a maturity date of April 27, 2021. The loan has a fixed annual interest rate of 4.25% on the outstanding balance and required monthly payments of principal and interest of \$309. As of December 31, 2020, \$1,225 was outstanding.

The following summarizes the aggregate principal payments of our long-term debt, excluding debt discount and debt issuance costs as of December 31, 2020:

2021	\$ 2,271
2022	2,272
2023	2,272
2024	2,272
2025	2,273
Thereafter	213,226
Total principal payments	<u>\$224,586</u>

## 12. SHAREHOLDERS' EQUITY (DEFICIT)

*Warrants*

During 2019, the Company issued 2,273 shares of its common stock, respectively, in connection with the exercise of a warrant to purchase shares of the Company's common stock with a strike price of \$0.01 per share. As of December 31, 2020 and 2019, the Company has no warrants outstanding.

## 13. COMMITMENTS AND CONTINGENCIES

*Legal Proceedings*

In March 2020, the Company settled an administrative enforcement action filed by the U.S. Federal Trade Commission ("FTC") relating to Company's sale of VieVu, LLC to Axon Enterprise Inc. wherein the FTC alleged that the operative agreements contained non-compete and non-solicitation provisions in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18. The FTC's administrative complaint sought only injunctive relief against the Company to enjoin the enforcement of these provisions, now and in the future, and did not seek monetary damages against the Company. In January 2020, the Company and Axon had rescinded these

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provisions. Pursuant to a consent agreement and proposed consent order entered into by the FTC and the Company, on June 11, 2020, the Commission issued a Decision and Order accepting the Consent Agreement (the “Order”). Under the Order, the Company agreed to not modify and reinstate the rescinded provisions and to not enter into any new similar provisions with Axon, absent prior approval from the FTC. In addition, as part of the Company’s compliance program, the Order imposes an obligation to distribute to, and train the directors and officers on, the requirements of the consent order and to report annually for five years to the FTC ensuring compliance with the consent order. On June 11, 2021, the Company filed its second Interim Verified Compliance Report as required by the Order.

In June 2020, the Company received a Civil Investigative Demand (“CID”) from the United States Department of Justice (“DOJ”), Western District of Washington (Seattle, WA), pertaining to an investigation with regard the to the False Claims Act, 31 U.S.C. sections 3729-3733 (“FCA”), concerning allegations that soft body armor vest accessory panels sold by the Company are falsely labeled as compliant with the National Institute of Justice (NIJ) performance standards. In September 2020, the Company made its First Production of Documents which contained only documents and data that had been deemed to be of a “priority” nature pursuant to an agreement reached between the Company’s counsel and the Assistant US Attorney handling the matter. There has been no further communication or production of documents with the US Attorney’s Office since September 2020. At this preliminary stage of the investigation, the Company does not have enough information to make an evaluation of the merits, exposure or potential risks regarding this matter.

The Company is also involved in various legal disputes and other legal proceedings and claims that arise from time to time in the ordinary course of business. The Company vigorously defends itself against all lawsuits and evaluates the amount of reasonably possible losses that the Company could incur as a result of these matters. While any litigation contains an element of uncertainty, the Company believes that the reasonably possible losses that the Company could incur in excess of insurance coverage would not have a material adverse effect on the Company’s consolidated financial position, results of operations, or liquidity.

#### *Insurance*

The Company has various insurance policies, including product liability insurance, covering risks and in amounts it considers adequate. There can be no assurance that the insurance coverage maintained by the Company is sufficient or will be available in adequate amounts or at a reasonable cost.

#### *International*

As an international company, we are, from time to time, the subject of investigations relation to the Company’s international operations, including under U.S. export control laws (such as ITAR), the FCPA and other similar U.S. and international laws.

#### *Leases*

The Company leases office, warehouse, and distribution space under non-cancelable operating leases. As leases expire, it can be expected that, in the normal course of business, certain leases will be renewed or replaced. Our leases generally contain multi-year renewal options and escalation clauses. Total rent expense of the Company for the years ended December 31, 2020 and 2019 was \$4,403 and \$4,256, respectively.

The Company maintains capital lease agreements. As of December 31, 2020, and 2019 the Company recorded capital lease obligations of \$43 and \$44 within accrued liabilities and \$46 and \$89, respectively, within other liabilities in the consolidated balance sheets.

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Future minimum lease payments required under non-cancelable operating leases that have initial or remaining non-cancelable lease terms in excess of one year and the Company's capital lease agreements are as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u>
2021	\$ 43	\$ 4,470
2022	43	4,139
2023	3	3,732
2024	—	2,602
2025	—	1,263
Thereafter	—	397
Total minimum lease payments	<u>\$ 89</u>	<u>\$ 16,603</u>
Less: Amount representing interest	(18)	
Capital lease obligation	<u>\$ 71</u>	

There were no material future minimum sublease payments to be received under non-cancelable subleases at December 31, 2020. There was no material sublease income as of December 31, 2020 and 2019, respectively.

#### 14. INCOME TAXES

Consolidated income (loss) from continuing operations before income taxes consists of the following:

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
U.S. operations	\$ 23,776	\$ (12,989)
Foreign operations	4,099	10,919
Income (loss) before benefit for income taxes	<u>\$ 27,875</u>	<u>\$ (2,070)</u>

The benefit for income taxes is detailed below:

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Current tax provision:		
Federal	\$ —	\$ —
State	(188)	(10)
Foreign	(1,482)	(665)
Total current provision	<u>(1,670)</u>	<u>(675)</u>
Deferred tax benefit:		
Federal	10,233	149
State	1,949	27
Foreign	66	641
Total deferred benefit	<u>12,248</u>	<u>817</u>
Total income tax benefit	<u>\$ 10,578</u>	<u>\$ 142</u>



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The following is a reconciliation of the statutory federal income tax rate to the effective rate reported in the Company's consolidated financial statements:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Federal statutory rate	21.0%	21.0%
Increase (decrease) in income taxes resulting from:		
State income taxes, net of federal income taxes	7.7	(7.7)
Change in valuation allowance	(71.1)	(53.3)
Current year tax credits	(2.3)	34.1
Difference between foreign and federal tax rate	2.0	23.4
Permanent items	2.8	43.3
Reserve for uncertain tax positions	1.3	(57.9)
Other	0.7	4.0
Effective tax rate	<u>(37.9)%</u>	<u>6.9%</u>

Deferred taxes have not been recognized for the excess financial reporting basis over the tax basis of investments of foreign subsidiaries. It is the Company's intent to permanently reinvest the earnings of those foreign subsidiaries in those jurisdictions. It is not practical to determine the amount of any unrecognized deferred tax liability on this item.

Deferred income tax assets and liabilities are determined based on the difference between the financial reporting carrying amounts and tax bases of existing assets and liabilities and operating loss and tax credit carryforwards. The tax effects of temporary differences giving rise to significant components of the Company's deferred income tax assets and liabilities are as follows:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Deferred tax assets:		
Net operating loss and other carry forwards	\$ 15,531	\$ 25,756
Accrued liabilities	4,201	3,359
Reserves and other	3,587	3,124
263A uniform capitalization costs	1,067	1,106
Other deferred tax assets	2,122	2,064
Total deferred tax assets	26,508	35,409
Valuation allowance	(1,729)	(21,562)
Net deferred tax assets	<u>24,779</u>	<u>13,847</u>
Deferred tax liabilities:		
Intangibles	(3,626)	(4,580)
Depreciation	(3,667)	(4,217)
Goodwill	(6,182)	(5,171)
Other	(489)	(1,312)
Total deferred tax liabilities	<u>(13,964)</u>	<u>(15,280)</u>
Total deferred income taxes	<u>\$ 10,815</u>	<u>\$ (1,433)</u>

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As of December 31, 2020 and 2019, the Company had federal and state net operating loss carryforwards (“NOLs”) resulting in deferred tax assets of \$6,990 and \$3,494, respectively. The federal NOLs will expire in varying amounts beginning in 2030 through 2038 and the state NOLs will begin to expire in varying amounts in 2021 through 2037.

In assessing the realizability of deferred income tax assets, the Company performs an evaluation of whether it is more likely than not that some portion, or all, of its deferred income tax assets will not be realized. During the course of this evaluation, the Company considers all available positive and negative evidence and if, based upon the weight of available evidence, it is more likely than not the deferred tax assets will not be realized, a valuation allowance is recorded. Based on its current evaluation, the Company determined it was appropriate to decrease its valuation allowance by \$19,833.

The total amount of unrecognized benefits on uncertain tax positions that, if recognized, would affect the Company’s effective tax rate was \$2,122. A reconciliation of the change in the unrecognized income tax benefit for the year ended December 31, 2020 is as follows:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Beginning unrecognized tax benefits	\$ 1,754	\$ 556
Current period unrecognized tax benefits	368	1,198
Ending unrecognized tax benefits	<u>\$ 2,122</u>	<u>\$ 1,754</u>

The Company recognizes interest expense and penalties related to unrecognized tax benefits as income tax expense. No amounts representing penalties and interest were recorded as income tax expense during the years ended December 31, 2020 and 2019. The Company had no interest or penalties accrued in the consolidated balance sheets at December 31, 2020 and 2019.

The Company and its subsidiaries file income tax returns in the U.S. federal, various state and local, and certain foreign jurisdictions. As of December 31, 2020, the Company’s tax years subsequent to 2015 are subject to examination by tax authorities with few exceptions. One of the Company’s Canadian subsidiaries is currently undergoing an examination of its tax filings for the period June 1, 2016 through December 31, 2017.

## **15. COMPENSATION AND DEFINED CONTRIBUTION PLANS**

The Company and its wholly owned subsidiaries sponsor Internal Revenue Code Section 401(k) defined contribution plans for the benefit of all full-time and part-time employees. Employees are entitled to make tax-deferred contributions up to the maximum allowed by law of their eligible compensation.

The Company sponsors various other non-U.S. Defined Contribution and Defined Profit-Sharing Plans that are offered by the Company’s foreign subsidiaries. Many of these plans were assumed through the Company’s acquisitions or are required by local regulatory requirements. The Company may deposit funds for these plans with insurance companies, or into government-managed accounts consistent with local regulatory requirements, as applicable.

Contribution to the plans are made by both the employee and the Company. The Company’s contributions to the plans was \$1,812 and \$1,889 for the years ended December 31, 2020 and 2019, respectively.

## **16. RELATED PARTY TRANSACTIONS**

The Company leases 5 distribution warehouses and retail stores from an employee. During the years ended December 31, 2020 and 2019 the Company made payments and recorded rent expense related to these leases of \$635 and \$646 respectively which are included in related party expense in the Company’s

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consolidated statements of operations and comprehensive income (loss). The Company recorded balances of \$42 as of December 31, 2020 and 2019, which is recorded in prepaid expenses in the Company's consolidated balance sheets.

## 17. RESTRUCTURING

During the year ended December 31, 2017, the Company initiated a plan to perform a companywide reorganization which resulted in the realignment of reporting structures and elimination of redundant positions. In addition, prior to the sale of Mustang, all of the foregoing operations were relocated into existing facilities. These initiatives consisted of one-time termination benefits and other shutdown costs that continued through the year ended December 31, 2020.

Restructuring accruals are presented below and are included within accrued liabilities in the consolidated balance sheets:

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Beginning accrued restructuring cost	\$ —	\$ 2,884
Additions	160	(69)
Payments	(160)	(2,815)
Ending accrued restructuring cost	<u>\$ —</u>	<u>\$ —</u>

The cost of restructuring projects totaled \$160 and \$(69) during the year ended December 31, 2020 and 2019, respectively, representing employee-related severance and other benefits and incremental costs related to disposal activities. The Company has incurred \$5,080 of cumulative restructuring charges since the commencement of the organizational realignment. The restructuring did not result in any asset write down.

Restructuring expenses are presented below and are included within restructuring and transactions cost in the Company's consolidated statements of operations and comprehensive income (loss):

	<b>Year ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Employee severance and other benefits	\$ 160	\$ (177)
Other shutdown costs	—	108
	<u>\$ 160</u>	<u>\$ (69)</u>

Other shut down costs primarily represents incremental costs associated with the consolidation of the Company's facilities and manufacturing operations.

## 18. SEGMENT DATA

Our operations are comprised of two reportable segments: Products and Distribution. Segment information is consistent with how the chief operating decision maker ("CODM"), our chief executive officer, reviews the business, makes investing and resource allocation decisions and assesses operating performance. Senior management evaluates segment performance based on segment profit. Each segment's profit is measured as gross profit. The CODM is not provided asset information or operating expenses by segment.

**CADRE HOLDINGS, INC.**  
**Notes to Consolidated Financial Statements**  
(In thousands)

	Year ended December 31, 2020			
	Products	Distribution	Reconciling Items <sup>(1)</sup>	Total
Net sales	\$343,689	\$ 84,922	\$ (23,969)	\$404,642
Cost of goods sold	211,048	64,761	(24,105)	251,704
Gross profit	<u>\$132,641</u>	<u>\$ 20,161</u>	<u>\$ 136</u>	<u>\$152,938</u>

	Year ended December 31, 2019			
	Products	Distribution	Reconciling Items <sup>(1)</sup>	Total
Net sales	\$365,903	\$ 78,171	\$ (23,338)	\$420,736
Cost of goods sold	236,355	61,657	(23,313)	274,699
Gross profit	<u>\$129,548</u>	<u>\$ 16,514</u>	<u>\$ (25)</u>	<u>\$146,037</u>

(1) Reconciling items consist primarily of intercompany eliminations and items not directly attributable to operating segments.

## 19. SUPPLEMENTAL DISCLOSURES TO CASH FLOWS

Supplemental non-cash and other cash flow information consists of the following:

	Year ended December 31,	
	2020	2019
<b>Supplemental disclosures:</b>		
Cash paid for income taxes, net of refunds	\$ 879	\$ 307
Cash paid for interest	\$ 23,316	\$ 27,907
<b>Non-cash transactions:</b>		
Stock received in the sale of business	\$ 4,731	\$ 4,611

## 20. SUBSEQUENT EVENTS

Management has evaluated the impact of events that have occurred from December 31, 2020 through May 7, 2021, the date these financial statements were available to be issued. Based on this evaluation, except for the following, the Company has determined no other events were required to be recognized or disclosed:

The Company maintains a cash-based executive compensation plan for certain employees. The Company's Board of Directors awarded 28,670 interests in the plan ("units"). Each unit represents an unfunded and unsecured right, subject to certain conditions as set forth by the plan. One-third of the units granted to any holder will vest on each of the first, second, and third anniversaries of March 18, 2021 during the term of such holder's employment with the Company. Payment of a holder's vested balance is dependent upon a transaction or series of related transactions constituting a change of control, as defined by the executive compensation plan. The plan will expire on March 18, 2025, at which time the plan and all awarded units will be terminated for no consideration if a change in control event has not occurred before that date. As of March 31, 2021, the Company did not record compensation expense related to the units as the likelihood of a change in control event occurring is not probable until the change in control event occurs. If a change in control event becomes probable, the fair value of the awards would be calculated as follows: enterprise value of the Company (net of debt) divided by the sum of the fully diluted common shares outstanding and vested units immediately before the change in control event is deemed probable multiplied by the number of vested units. Compensation expense would be recognized on the vested units at that time. Awards not yet vested at the time of a change in control event will terminate, however, the Company, at its sole discretion, may choose to accelerate the vesting of all unvested units upon a change in control event.

**Cadre Holdings, Inc. and Subsidiaries**  
Consolidated Financial Statements  
(Unaudited)  
March 31, 2021 and 2020

## CADRE HOLDINGS, INC. AND SUBSIDIARIES

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**CADRE HOLDINGS, INC.**  
**Consolidated Balance Sheets**  
**As of March 31, 2021 and December 31, 2020**  
**(Unaudited)**  
*(In thousands, except for share and per share amounts)*

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 17,440	\$ 2,873
Accounts receivable, net of allowance for doubtful accounts of \$926 and \$1,113, respectively	49,285	43,646
Inventories	63,516	60,923
Prepaid expenses	7,399	6,665
Other current assets	2,429	3,362
<b>Total current assets</b>	140,069	117,469
Property and equipment, net of accumulated depreciation and amortization of \$35,026 and \$33,643, respectively	34,890	35,437
Deferred tax assets, net	9,811	12,900
Intangible assets, net	48,958	51,009
Goodwill	66,331	66,314
Other assets	420	150
<b>Total assets</b>	<u>\$ 300,479</u>	<u>\$ 283,279</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 27,177	\$ 21,978
Accrued liabilities	40,101	36,004
Income tax payable	1,342	1,005
Current portion of long-term debt	2,579	3,496
<b>Total current liabilities</b>	71,199	62,483
Long-term debt	209,342	209,310
Deferred tax liabilities	2,180	2,085
Other liabilities	1,759	550
<b>Total liabilities</b>	284,480	274,428
<b>Commitments and contingencies (Note 6)</b>		
Mezzanine equity		
Preferred stock (\$0.01 par value, 10,000 shares authorized, 0 issued and outstanding as of March 31, 2021 and December 31, 2020)	—	—
Shareholders' equity		
Common stock (\$0.01 par value, 990,000 shares authorized, 549,667 issued and outstanding as of March 31, 2021 and December 31, 2020)	5	5
Additional paid-in capital	48,668	48,668
Accumulated other comprehensive loss	(2,576)	(2,860)
Accumulated deficit	(30,098)	(36,962)
<b>Total shareholders' equity</b>	15,999	8,851
<b>Total liabilities and shareholders' equity</b>	<u>\$ 300,479</u>	<u>\$ 283,279</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CADRE HOLDINGS, INC.**  
**Consolidated Statements of Operations and Comprehensive Income**  
**For the Three Months Ended March 31, 2021 and 2020**  
**(Unaudited)**  
*(In thousands, except for share and per share amounts)*

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net sales	\$ 110,536	\$ 97,940
Cost of goods sold	66,577	58,838
<b>Gross profit</b>	<b>43,959</b>	<b>39,102</b>
Operating expenses		
Selling, general and administrative	28,051	27,050
Restructuring and transaction costs	321	1,334
Related party expense	153	162
<b>Total operating expenses</b>	<b>28,525</b>	<b>28,546</b>
<b>Operating income</b>	<b>15,434</b>	<b>10,556</b>
Other income (expense)		
Interest expense	(5,044)	(6,669)
Other (expense) income, net	(44)	680
<b>Total other expense, net</b>	<b>(5,088)</b>	<b>(5,989)</b>
Income before provision for income taxes	10,346	4,567
Provision for income taxes	(3,482)	(315)
<b>Net income</b>	<b>\$ 6,864</b>	<b>\$ 4,252</b>
<b>Net income per share:</b>		
Basic	\$ 12.49	\$ 7.74
Diluted	\$ 12.49	\$ 7.74
<b>Weighted average shares outstanding:</b>		
Basic	549,667	549,667
Diluted	549,667	549,667
Net income	\$ 6,864	\$ 4,252
Other comprehensive income, net of tax:		
Foreign currency translation adjustments arising during the period	284	(1,870)
<b>Comprehensive income, net of tax</b>	<b>\$ 7,148</b>	<b>\$ 2,382</b>

The accompanying notes are an integral part of these consolidated financial statements.



**CADRE HOLDINGS, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2021 and 2020**  
**(Unaudited)**  
*(In thousands)*

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 6,864	\$ 4,252
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,539	3,850
Amortization of original issue discount and debt issue costs	677	355
Non cash consideration received from sale of business	—	(416)
Deferred income taxes	3,319	83
Provision for losses on accounts receivable	(91)	15
Foreign exchange gain	109	(227)
Changes in operating assets and liabilities:		
Accounts receivable	(5,626)	8,516
Inventories	(2,496)	(3,905)
Prepaid expenses and other assets	(141)	1,743
Accounts payable and other liabilities	10,678	612
<b>Net cash provided by operating activities</b>	<b>16,832</b>	<b>14,878</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of property and equipment	(788)	(1,262)
Proceeds from sale of equity securities	—	5,591
<b>Net cash (used in) provided by investing activities</b>	<b>(788)</b>	<b>4,329</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from revolving credit facility	88,593	110,829
Principal payments on revolving credit facility	(88,593)	(96,153)
Proceeds from term loan	—	(13)
Principal payments on term loan	(566)	(6,054)
Principal payments on insurance premium financing	(917)	(831)
Payment of capital leases	(7)	(12)
<b>Net cash (used in) provided by financing activities</b>	<b>(1,490)</b>	<b>7,766</b>
Effect of foreign exchange rates on cash and cash equivalents	13	(110)
<b>Change in cash and cash equivalents</b>	<b>14,567</b>	<b>26,863</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,873</b>	<b>2,520</b>
<b>Cash and cash equivalents, end of period</b>	<b>17,440</b>	<b>29,383</b>

The accompanying notes are an integral part of these consolidated financial statements.

**CADRE HOLDINGS, INC.**  
**Consolidated Statements of Shareholders' Equity (Deficit)**  
**For the Three Months Ended March 31, 2021 and 2020**  
**(Unaudited)**  
*(In thousands, except for share amounts)*

	<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>		
	<b>Shares</b>	<b>Amount</b>	<b>Paid-In</b>	<b>Other</b>	<b>Accumulated</b>	<b>Shareholders'</b>
			<b>Capital</b>	<b>Comprehensive</b>	<b>Deficit</b>	<b>Equity</b>
				<b>Loss</b>		
Balance, December 31, 2020	549,667	\$ 5	\$ 48,668	\$ (2,860)	\$ (36,962)	\$ 8,851
Net income	—	—	—	—	6,864	6,864
Foreign currency translation adjustments	—	—	—	284	—	284
Balance, March 31, 2021	<u>549,667</u>	<u>\$ 5</u>	<u>48,668</u>	<u>\$ (2,576)</u>	<u>\$ (30,098)</u>	<u>\$ 15,999</u>

	<b>Common Stock</b>		<b>Additional</b>	<b>Accumulated</b>		
	<b>Shares</b>	<b>Amount</b>	<b>Paid-In</b>	<b>Other</b>	<b>Accumulated</b>	<b>Shareholders'</b>
			<b>Capital</b>	<b>Comprehensive</b>	<b>Deficit</b>	<b>Deficit</b>
				<b>Loss</b>		
Balance, December 31, 2019	549,667	\$ 5	\$ 48,668	\$ (3,280)	\$ (75,415)	\$ (30,022)
Net income	—	—	—	—	4,252	4,252
Foreign currency translation adjustments	—	—	—	(1,870)	—	(1,870)
Balance, March 31, 2020	<u>549,667</u>	<u>\$ 5</u>	<u>48,668</u>	<u>\$ (5,150)</u>	<u>\$ (71,163)</u>	<u>\$ (27,640)</u>

The accompanying notes are an integral part of these consolidated financial statements.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### *Nature of Operations and Basis of Presentation*

Cadre Holdings, Inc., D/B/A The Safariland Group (the “Company”, “Cadre”, “we”, “us”, and “our”), a Delaware corporation, began operations on April 23, 2012. The Company, headquartered in Jacksonville, Florida, is a global leader in manufacturing and distributing safety and survivability products and other related products for the law enforcement, first responder and military markets. The business operates through 15 manufacturing plants within the U.S., Mexico, Canada, the United Kingdom, and Lithuania, and sells its products worldwide through its direct sales force, distribution channel and distribution partners, online stores, and third-party resellers.

### *Principles of Consolidation*

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and applicable rules and regulations regarding interim financial reporting, and include the accounts of the Company, its wholly owned subsidiaries, and other entities consolidated as required by GAAP. Accordingly, they do not include all of the information and footnotes required by GAAP for annual audited financial statements. These interim consolidated financial statements and notes thereto should be read in conjunction with the Company’s most recently completed annual consolidated financial statements. All adjustments considered necessary for a fair presentation have been included. All intercompany transactions have been eliminated in consolidation.

### *Use of Estimates*

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Certain items previously reported in the notes to the consolidated financial statements have been reclassified to conform to the current financial statement presentation.

### *Fair Value Measurements*

The Company follows the guidance of Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This guidance also establishes the following three-level hierarchy based upon the transparency of inputs to the valuation of an asset or liability on the measurement date:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that reflect assumptions about what market participants would use in pricing assets or liabilities based on the best information available.

The Company’s financial instruments consist principally of cash, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities, income tax payable and debt. The carrying amounts of certain of these financial instruments, including cash, accounts receivable, prepaid expenses, other current assets, accounts payable, accrued liabilities and income tax payable approximate their current fair value due to the relatively short-term nature of these accounts.

There were no assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020.

There were no transfers of assets or liabilities between levels during the three months ended March 31, 2021 and 2020.

The carrying value of our long-term debt obligations approximates the fair value, as the long-term debt was entered into recently. The Company classifies its long-term debt within Level 2 of the fair value hierarchy.

#### ***Goodwill and Other Intangible Assets***

The Company tests goodwill and intangible assets determined to have indefinite useful lives for impairment annually, or more frequently if events or circumstances indicate that assets might be impaired. The Company performs these annual impairment tests as of October 31<sup>st</sup> each year.

In evaluating goodwill for impairment, qualitative factors are considered to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Some of these qualitative factors may include macroeconomic conditions, industry and market considerations, a change in financial performance, or entity-specific events. If, through this qualitative assessment, the conclusion is made that it is more likely than not that a reporting unit's fair value is less than its carrying amount, the Company performs a two-step goodwill impairment test. The first step involves a comparison of the fair value of a reporting unit to its carrying value. If the carrying amount of the reporting unit exceeds its fair value, the second step of the process is performed, which compares the implied value of the reporting unit goodwill with the carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

The Company determines the fair value of its reporting units based on a combination of the income approach and market approach, weighted based on the circumstances. Both values are discounted using a rate that reflects the Company's best estimate of the weighted average cost of capital of a market participant and is adjusted for appropriate risk factors.

#### ***Revenue Recognition***

The Company derives revenue primarily from the sale of physical products. The Company recognizes revenue when a contract exists with a customer that specifies the goods and services to be provided at an agreed upon sales price and when the performance obligation is satisfied by transferring the goods or service to the customer. The performance obligation is considered satisfied when control transfers, which is generally determined when products are shipped or delivered to the customer but could be delayed until the receipt of customer acceptance, depending on the terms of the contract. Sales are made on normal and customary short-term credit terms or upon delivery for point of sale transactions.

The Company enters into contractual arrangements primarily with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms. The Company has some long-term contracts that may contain research and development performance obligations that are satisfied over time. The Company invoices the customer once the billing milestone is reached and collects under customary short-term credit terms. For long-term contracts, the Company recognizes revenue using the input method based on costs incurred, as this method is an appropriate measure of progress toward the complete satisfaction of the performance obligation. Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicate a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

At the time of revenue recognition, the Company also provides for estimated sales returns and miscellaneous claims from customers as reductions to revenues. The estimates are based on historical rates of product returns and claims. The Company accrues for such estimated returns and claims with an estimated

accrual and associated reduction of revenue. Additionally, the Company records inventory that it expects to be returned as part of inventories, with a corresponding reduction to cost of goods sold.

Charges for shipping and handling fees billed to customers are included in net sales and the corresponding shipping and handling expenses are included in cost of goods sold in the accompanying consolidated statements of operations and comprehensive income. We consider our costs related to shipping and handling after control over a product has transferred to a customer to be a cost of fulfilling the promise to transfer the product to the customer.

Sales commissions paid to employees as compensation are expensed as incurred for contracts with service periods less than a year. For contracts with service periods greater than a year, these costs are capitalized and amortized over the life of the contract. These costs are recorded in selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income.

#### ***Product Warranty***

Some of the Company's manufactured products carry limited warranty provisions for defects in quality and workmanship. A warranty reserve is established at the time of sale to cover estimated costs based on the Company's history of warranty repairs and replacements and is recorded in cost of goods sold in the Company's consolidated statements of operations and comprehensive income.

The following table represents changes in the Company's accrued warranties and related costs:

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Beginning accrued warranty expense	\$ 1,133	\$ 2,114
Current period claims	(56)	(185)
Provision for current period sales	63	286
Ending accrued warranty expense	<u>\$ 1,140</u>	<u>\$ 2,215</u>

#### ***Net Income per Share***

Basic income or loss per share is computed by dividing net income by the weighted average number of common shares outstanding during the periods presented. Diluted income per share reflects the potential dilution from outstanding warrants. The calculation of weighted average shares outstanding and net income per share are as follows (in thousands, except for per share data):

	<b>Three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Numerator for basic and diluted earnings per share:		
Net income	<u>\$ 6,864</u>	<u>\$ 4,252</u>
Denominator:		
Weighted average shares outstanding – basic	<u>549,667</u>	<u>549,667</u>
Diluted weighted average shares outstanding	<u>549,667</u>	<u>549,667</u>
Net income per share:		
Basic	<u>\$ 12.49</u>	<u>\$ 7.74</u>
Diluted	<u>\$ 12.49</u>	<u>\$ 7.74</u>

#### ***Recent Accounting Pronouncements***

##### **Pronouncements Adopted During 2020**

In August 2018, the FASB issued ASU 2018-13, which modifies the disclosure requirements on fair value measurements. The ASU is effective for all entities for fiscal years, and interim periods within those fiscal years,

beginning after December 15, 2019. Early adoption is permitted. The Company adopted this ASU effective January 1, 2020. The adoption did not have a material impact on the Company's disclosures.

#### Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is intended to increase transparency and comparability among organizations by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the balance sheet. In July 2018, the FASB issued additional guidance which provided an additional transition method for adopting the updated guidance. Under the additional transition method, entities may elect to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the year of adoption. In June 2020, the FASB issued additional guidance which extends the effective date of ASU 2016-02 for emerging growth companies to begin in fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company plans to adopt this standard on January 1, 2022 and is currently in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 includes an impairment model (known as the current expected credit loss model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. The use of forecasted information is intended to incorporate more timely information in the estimate of expected credit loss. In November 2019, the FASB issued additional guidance which extends the effective date of ASU 2016-13 for emerging growth companies to begin in fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company plans to adopt this standard on January 1, 2023 and is currently in the process of evaluating the impact of the adoption of this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improves consistent application of and simplifies GAAP for other areas of Topic 740 by clarifying existing guidance. For emerging growth companies, this ASU is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements and related disclosures.

There were no other new accounting standards that the Company expects to have a potential material impact to the financial position or results of operations upon adoption.

## 2. REVENUE RECOGNITION

The following tables disaggregate net sales by channel and geography:

	Three months ended March 31,	
	2021	2020
U.S. state and local agencies <sup>(a)</sup>	\$ 64,860	53,878
Commercial	8,095	7,887
U.S. federal agencies	14,620	17,015
International	21,231	17,286
Other	1,730	1,874
Net sales	<u>\$ 110,536</u>	<u>\$ 97,940</u>

(a) Includes all Distribution sales

	Three months ended March 31,	
	2021	2020
United States	\$ 89,305	\$ 80,654
International	21,231	17,286
	<u>\$ 110,536</u>	<u>\$ 97,940</u>

Revenue by product is not disclosed, as it is impractical to do so.

#### *Contract Liabilities*

Contract liabilities are recorded as a component of other liabilities when customers remit cash payments in advance of the Company satisfying performance obligations which are satisfied at a future point of time. Contract liabilities are derecognized when the performance obligation is satisfied. Contract liabilities are included in accrued liabilities in the Company's consolidated balance sheets and totaled \$8,359 and \$6,485 at March 31, 2021 and December 31, 2020, respectively. Revenue recognized during the three months ended March 31, 2021 from amounts included in contract liabilities at December 31, 2020 was \$3,554.

#### *Remaining Performance Obligations*

As of March 31, 2021, we had \$25,607 of remaining performance obligations, which included amounts that will be invoiced and recognized in future periods. The remaining performance obligations are limited only to arrangements that meet the definition of a contract under Topic 606 as of March 31, 2021. We expect to recognize approximately 90% of this balance over the next twelve months and expect the remainder to be recognized in the following two years.

### **3. INVENTORIES**

The following table sets forth a summary of inventories stated at lower of cost or net realizable value, as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Finished goods	\$ 27,949	\$ 25,986
Work-in-process	4,600	3,741
Raw materials and supplies	30,967	31,196
	<u>\$ 63,516</u>	<u>\$ 60,923</u>

### **4. GOODWILL AND OTHER INTANGIBLE ASSETS**

#### *Goodwill*

The following table summarizes the changes in goodwill for the three months ended March 31, 2021:

	Products	Distribution	Total
Balance, December 31, 2020	\$63,698	\$ 2,616	\$66,314
Foreign currency translation adjustments	17	—	17
Balance, March 31, 2021	<u>\$63,715</u>	<u>\$ 2,616</u>	<u>\$66,331</u>

Gross goodwill and accumulated impairment losses was \$73,916 and \$7,585 at March 31, 2021 and \$73,899 and \$7,585, respectively, at December 31, 2020.

#### *Intangible Assets*

Intangible assets such as certain customer relationships and patents on core technologies and product technologies are amortizable over their estimated useful lives. Certain trade names and trademarks which provide exclusive and perpetual rights to manufacture and sell their respective products are deemed indefinite-lived and are therefore not subject to amortization.

Intangible assets consisted of the following as of March 31, 2021 and December 31, 2020:

	March 31, 2021			
	Gross	Accumulated amortization	Net	Weighted Average Useful Life
Definite lived intangibles:				
Customer relationships	\$ 74,247	(47,544)	26,703	12
Technology	12,021	(10,546)	1,475	7
Tradenames	6,522	(2,429)	4,093	1
Non-compete agreements	1,049	(1,049)	—	4
	\$ 93,839	(61,568)	32,271	
Indefinite lived intangibles:				
Tradenames	16,687	—	16,687	Indefinite
Total	<u>\$110,526</u>	<u>(61,568)</u>	<u>48,958</u>	
	December 31, 2020			
	Gross	Accumulated amortization	Net	Weighted Average Useful Life
Definite lived intangibles:				
Customer relationships	\$ 74,123	(45,815)	28,308	12
Technology	11,991	(10,333)	1,658	7
Tradenames	6,490	(2,135)	4,355	1
Non-compete agreements	1,041	(1,027)	14	4
	\$ 93,645	(59,310)	34,335	
Indefinite lived intangibles:				
Tradenames	16,674	—	16,674	Indefinite
Total	<u>\$110,319</u>	<u>(59,310)</u>	<u>51,009</u>	

The Company recorded amortization expense of \$2,186 and \$2,459 for the three months ended March 31, 2021 and 2020, respectively, of which \$198 and \$373 was included in cost of goods sold in the consolidated statements of operations and comprehensive income for the respective periods.

The estimated amortization expense for finite-lived intangible assets for the remaining nine months of 2021, the next four years and thereafter is as follows:

Remainder of 2021	\$ 6,387
2022	7,710
2023	6,781
2024	3,881
2025	1,873
Thereafter	5,639
	<u>\$32,271</u>



**5. DEBT**

The Company's debt is as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Short-term debt:		
Insurance premium financing	\$ 308	\$ 1,225
Current portion of term loan	2,251	2,251
Current portion of other	20	20
	<u>\$ 2,579</u>	<u>\$ 3,496</u>
Long-term debt:		
Term loan	221,625	222,187
Other	126	128
	<u>\$ 221,751</u>	<u>\$ 222,315</u>
Unamortized debt discount and debt issuance costs	(12,409)	(13,005)
Total long-term debt, net	<u>\$ 209,342</u>	<u>\$ 209,310</u>

*Revolving Credit Facility*

We have a secured \$50,000 revolving credit facility that matures in November 2025.

As of March 31, 2021 and December 31, 2020, there were no outstanding borrowings under the revolving credit facility. Under the terms of the revolving credit facility, availability is based upon eligible accounts receivable and inventory and are reduced by outstanding letters of credit. As of March 31, 2021, we had letters of credit outstanding of \$2,875 and availability of \$45,654. Borrowings under the revolving line of credit bear interest at a base rate ("Base Rate") or LIBOR plus an applicable margin as determined by average availability. The Base Rate is calculated as, for any day, a per annum rate equal to the greater of the Prime Rate for such day or the Federal Funds Rate for such day plus 0.50%.

The revolving credit facility agreement and the term loan agreement have a cross-default clause whereby a violation of one may constitute a violation in the other causing an acceleration of payments. The Company is required to maintain a minimum fixed charge coverage ratio and a maximum leverage ratio. The Company was in compliance with all financial covenants as of March 31, 2021.

The following summarizes the aggregate principal payments of our long-term debt, excluding debt discount and debt issuance costs, for the remaining nine months of 2021, the next four years and thereafter is as follows:

Remainder of 2021	\$ 1,703
2022	2,271
2023	2,272
2024	2,273
2025	2,274
Thereafter	<u>213,229</u>
Total principal payments	<u>\$224,022</u>

**6. COMMITMENTS AND CONTINGENCIES***Legal Proceedings*

In March 2020, the Company settled an administrative enforcement action filed by the U.S. Federal Trade Commission ("FTC") relating to Company's sale of VieVu, LLC to Axon Enterprise Inc. wherein the FTC alleged that the operative agreements contained non-compete and non-solicitation provisions in

violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18. The FTC’s administrative complaint sought only injunctive relief against the Company to enjoin the enforcement of these provisions, now and in the future, and did not seek monetary damages against the Company. In January 2020, the Company and Axon had rescinded these provisions. Pursuant to a consent agreement and proposed consent order entered into by the FTC and the Company, on June 11, 2020, the Commission issued a Decision and Order accepting the Consent Agreement (the “Order”). Under the Order, the Company agreed to not modify and reinstate the rescinded provisions and to not enter into any new similar provisions with Axon, absent prior approval from the FTC. In addition, as part of the Company’s compliance program, the Order imposes an obligation to distribute to, and train the directors and officers on, the requirements of the consent order and to report annually for five years to the FTC ensuring compliance with the consent order. On June 11, 2021, the Company filed its second Interim Verified Compliance Report as required by the Order.

In June 2020, the Company received a Civil Investigative Demand (“CID”) from the United States Department of Justice (“DOJ”), Western District of Washington (Seattle, WA), pertaining to an investigation with regard to the False Claims Act, 31 U.S.C. sections 3729-3733 (“FCA”), concerning allegations that soft body armor vest accessory panels sold by the Company are falsely labeled as compliant with the National Institute of Justice (NIJ) performance standards. In September 2020, the Company made its First Production of Documents which contained only documents and data that had been deemed to be of a “priority” nature pursuant to an agreement reached between the Company’s counsel and the Assistant US Attorney handling the matter. There has been no further communication or production of documents with the US Attorney’s Office since September 2020. At this preliminary stage of the investigation, the Company does not have enough information to make an evaluation of the merits, exposure or potential risks regarding this matter.

The Company is also involved in various legal disputes and other legal proceedings and claims that arise from time to time in the ordinary course of business. The Company vigorously defends itself against all lawsuits and evaluates the amount of reasonably possible losses that the Company could incur as a result of these matters. While any litigation contains an element of uncertainty, the Company believes that the reasonably possible losses that the Company could incur in excess of insurance coverage would not have a material adverse effect on the Company’s consolidated financial position, results of operations, or liquidity.

#### *Insurance*

The Company has various insurance policies, including product liability insurance, covering risks and in amounts it considers adequate. There can be no assurance that the insurance coverage maintained by the Company is sufficient or will be available in adequate amounts or at a reasonable cost.

#### *International*

As an international company, we are, from time to time, the subject of investigations relation to the Company’s international operations, including under U.S. export control laws (such as ITAR), the FCPA and other similar U.S. and international laws.

#### *Leases*

The Company leases office, warehouse, and distribution space under non-cancelable operating leases. As leases expire, it can be expected that, in the normal course of business, certain leases will be renewed or replaced. Our leases generally contain multi-year renewal options and escalation clauses. Total rent expense of the Company for the three months ended March 31, 2021 and 2020 was \$1,150 and \$1,083, respectively.

The Company maintains capital lease agreements. As of March 31, 2021 and December 31, 2020, the Company recorded capital lease obligations of \$43 and \$43 within accrued liabilities and \$36 and \$46, respectively, within other liabilities in the consolidated balance sheets.

Future minimum lease payments required under non-cancelable operating leases that have initial or remaining non-cancelable lease terms in excess of one year and the Company's capital lease agreements for the remaining nine months of 2021, the next four years and thereafter is as follows:

	<u>Capital Leases</u>	<u>Operating Leases</u>
Remainder of 2021	\$ 32	\$ 3,397
2022	43	4,210
2023	4	3,807
2024	—	2,682
2025	—	1,345
Thereafter	—	412
Total minimum lease payments	\$ 79	<u>\$ 15,853</u>
Less: Amount representing interest	(17)	
Capital lease obligation	<u>\$ 62</u>	

There were no material future minimum sublease payments to be received under non-cancelable subleases at March 31, 2021. There was no material sublease income as of March 31, 2021 and 2020, respectively.

## 7. INCOME TAXES

The Company and its subsidiaries file income tax returns in the U.S. federal, various state and local, and certain foreign jurisdictions. As of March 31, 2021, the Company's tax years subsequent to 2016 are subject to examination by tax authorities with few exceptions. One of the Company's Canadian subsidiaries is currently undergoing an examination of its tax filings for the period June 1, 2016 through December 31, 2017.

In assessing the realizability of deferred income tax assets, the Company performs a quarterly evaluation of whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. During the course of this evaluation, the Company considers all available positive and negative evidence and if, based upon the weight of available evidence, it is more likely than not the deferred tax assets will not be realized, a valuation allowance is recorded. Based on its evaluation during the three months ended March 31, 2021, the Company has recorded a valuation allowance of \$1,729.

The Company's effective tax rate for the three months ended March 31, 2021 and March 31, 2020 was 32.5% and 6.9% respectively. The change in the effective tax rate period over period primarily relates to the valuation allowance the Company had on its deferred tax assets during 2020.

## 8. COMPENSATION PLANS

The Company maintains a cash-based executive compensation plan for certain employees. The Company's Board of Directors awarded 28,670 interests in the plan ("units"). Each unit represents an unfunded and unsecured right, subject to certain conditions as set forth by the plan. One-third of the units granted to any holder will vest on each of the first, second, and third anniversaries of March 18, 2021 during the term of such holder's employment with the Company. Payment of a holder's vested balance is dependent upon a transaction or series of related transactions constituting a change of control, as defined by the executive compensation plan. The plan will expire on March 18, 2025, at which time the plan and all awarded units will be terminated for no consideration if a change in control event has not occurred before that date. As of March 31, 2021, the Company did not record compensation expense related to the units as the likelihood of a change in control event occurring is not probable until the change in control event occurs. If a change in control event becomes probable, the fair value of the awards would be calculated as follows: enterprise value of the Company (net of debt) divided by the sum of the fully diluted common shares outstanding and vested units immediately before the change in control event is deemed probable multiplied by the number of vested units. Compensation expense would be recognized on the vested units at that time. Awards not yet vested at the time of a change in control event will terminate, however, the Company, at its sole discretion, may choose to accelerate the vesting of all unvested units upon a change in control event.

**9. RELATED PARTY TRANSACTIONS**

The Company leases 5 distribution warehouses and retail stores from an employee. During the three months ended March 31, 2021 and 2020, the Company recorded rent expense related to these leases of \$153 and \$162, respectively, which is included in related party expenses in the Company's consolidated statements of operations and comprehensive income.

**10. SEGMENT DATA**

Our operations are comprised of two reportable segments: Products and Distribution. Segment information is consistent with how the chief operating decision maker ("CODM"), our chief executive officer, reviews the business, makes investing and resource allocation decisions and assesses operating performance. The CODM is not provided asset information or operating expenses by segment.

	Three months ended March 31, 2021			
	Products	Distribution	Reconciling Items <sup>(1)</sup>	Total
Net sales	\$93,818	\$ 22,660	\$ (5,942)	\$110,536
Cost of goods sold	55,594	16,921	(5,938)	66,577
Gross profit	<u>\$38,224</u>	<u>\$ 5,739</u>	<u>\$ (4)</u>	<u>\$ 43,959</u>

	Three months ended March 31, 2020			
	Products	Distribution	Reconciling Items <sup>(1)</sup>	Total
Net sales	\$83,549	\$ 19,412	\$ (5,021)	\$97,940
Cost of goods sold	49,139	14,759	(5,060)	58,838
Gross profit	<u>\$34,410</u>	<u>\$ 4,653</u>	<u>\$ 39</u>	<u>\$39,102</u>

- (1) Reconciling items consist primarily of intercompany eliminations and items not directly attributable to operating segments.

**11. SUBSEQUENT EVENTS**

Management has evaluated the impact of events that have occurred from March 31, 2021 through May 7, 2021, the date these financial statements were available to be issued. Based on this evaluation, other than as recorded or disclosed within these consolidated financial statements and related notes, the Company has determined no other events were required to be recognized or disclosed.

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Shares



**CADRE HOLDINGS, INC.**

Common Stock

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**Stifel**

**Raymond James**

**Truist Securities**

**Stephens Inc.**

**Roth Capital Partners**

**PNC Capital Markets LLC**

**Regions Securities LLC**

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Through and including \_\_\_\_\_, 2021 (the 25<sup>th</sup> day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

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## PART II

## Information Not Required in Prospectus

**Item 13. Other Expenses of Issuance and Distribution**

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by the registrant in connection with the sale of common stock being registered. All amounts are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the FINRA filing fee and the New York Stock Exchange listing fee.

Item	Amount to be paid
SEC registration fee	\$ *
FINRA filing fee	*
The New York Stock Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer Agent fees and expenses	*
Miscellaneous expenses	*
Total	\$ *

\* To be provided by amendment.

We are paying all expenses of the offering listed above.

**Item 14. Indemnification of Directors and Officers**

Section 145(a) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which he or she shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or other adjudicating court shall deem proper.

Section 145(g) of the Delaware General Corporation Law provides, in general, that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent

of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Section 145 of the Delaware General Corporation Law.

Our certificate of incorporation provides that no director of our company shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to us or our stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) in respect of unlawful dividend payments or stock redemptions or repurchases, or (4) for any transaction from which the director derived an improper personal benefit. In addition, our certificate of incorporation provides that if the Delaware General Corporation Law is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of our company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Our certificate of incorporation further provides that any repeal or modification of such article by our stockholders or amendment to the Delaware General Corporation Law will not adversely affect any right or protection existing at the time of such repeal or modification with respect to any acts or omissions occurring before such repeal or modification of a director serving at the time of such repeal or modification.

Our bylaws provide that we will indemnify each of our directors and officers and, in the discretion of our board of directors, certain employees, to the fullest extent permitted by the Delaware General Corporation Law as the same may be amended (except that in the case of amendment, only to the extent that the amendment permits us to provide broader indemnification rights than the Delaware General Corporation Law permitted us to provide prior to such the amendment) against any and all expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by the director, officer or such employee or on the director's, officer's or employee's behalf in connection with any threatened, pending or completed proceeding or any claim, issue or matter therein, to which he or she is or is threatened to be made a party because he or she is or was serving as a director, officer or employee of our company, or at our request as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of our company and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. Article VIII of the bylaws further provides for the advancement of expenses to each of our directors and, in the discretion of the board of directors, to certain officers and employees.

In addition, the bylaws provide that the right of each of our directors and officers to indemnification and advancement of expenses shall be a contract right and shall not be exclusive of any other right now possessed or hereafter acquired under any statute, provision of the certificate of incorporation or bylaws, agreement, vote of stockholders or otherwise. Furthermore, Article VIII of the bylaws authorizes us to provide insurance for our directors, officers and employees, against any liability, whether or not we would have the power to indemnify such person against such liability under the Delaware General Corporation Law or the provisions of Article VIII of the bylaws.

In connection with the sale of common stock being registered hereby, we will enter into indemnification agreements with each of our directors and our executive officers. These agreements will provide that we will indemnify each of our directors and such officers to the fullest extent permitted by law and the certificate of incorporation and bylaws. These indemnification agreements will also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our amended and restated certificate of incorporation, amended and restated bylaws and the indemnification agreements that we will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if

successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We also maintain a general liability insurance policy, which covers certain liabilities of directors and officers of our company arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act of 1933, as amended, against certain liabilities.

#### ***Item 15. Recent Sales of Unregistered Securities***

In the three years preceding the filing of this registration statement, we have not issued securities that were not registered under the Securities Act.

#### ***Item 16. Exhibits and Financial Statement Schedules***

<b>Exhibit No.</b>	<b>Description</b>
1.1	Form of Underwriting Agreement.*
3.1	<a href="#"><u>Amended and Restated and Certificate of Incorporation.</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws of the Company.</u></a>
5.1	Opinion of Kane Kessler, P.C.*
10.1	<a href="#"><u>Term Loan and Security Agreement, dated as of November 17, 2020, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Guggenheim Credit Services, LLC, as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.2	<a href="#"><u>First Amendment to Term Loan and Security Agreement, dated March 1, 2021, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Guggenheim Credit Services, LLC, as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.3	<a href="#"><u>Second Amended and Restated Loan and Security Agreement, dated as of November 18, 2016, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.4	<a href="#"><u>Consent and First Amendment to Second Amended and Restated Loan and Security Agreement, dated May 1, 2017, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lender.</u></a>
10.5	<a href="#"><u>Second Amendment to Second Amended and Restated Loan and Security Agreement, dated June 1, 2017, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.6	<a href="#"><u>Third Amendment to Second Amended and Restated Loan and Security Agreement, dated June 29, 2017, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>



Exhibit No.	Description
10.7	<a href="#"><u>Consent and Fourth Amendment to Second Amended and Restated Loan and Security Agreement, dated May 3, 2018, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.8	<a href="#"><u>Consent and Fifth Amendment to Second Amended and Restated Loan and Security Agreement, dated June 20, 2019, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.9	<a href="#"><u>Consent and Sixth Amendment to Second Amended and Restated Loan and Security Agreement, dated November 17, 2020, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.10	<a href="#"><u>Seventh Amendment to Second Amended and Restated Loan and Security Agreement, dated March 1, 2021, by and among Cadre Holdings, Inc. (f/k/a Maui Acquisition Corp.), its then subsidiaries party thereto as borrowers and guarantors, Bank of America, N.A., as agent, and the financial institutions party thereto from time to time as lenders.</u></a>
10.11	<a href="#"><u>Safariland Group Long-Term Incentive Plan.+</u></a>
10.12	<a href="#"><u>Form of Award Agreement under the Safariland Group Long-Term Incentive Plan.</u></a>
10.13	<a href="#"><u>Safariland Group 2021 Phantom Restricted Share Plan.+</u></a>
10.14	<a href="#"><u>Form of Award Agreement under the Safariland Group 2021 Phantom Restricted Share Plan.+</u></a>
10.15	<a href="#"><u>2021 Stock Incentive Plan.+</u></a>
10.16	<a href="#"><u>Form of Option Agreement under the 2021 Stock Incentive Plan.+</u></a>
10.17	<a href="#"><u>Form of Stock Award Agreement under the 2021 Stock Incentive Plan.+</u></a>
10.18	<a href="#"><u>Form of Indemnification Agreement.</u></a>
10.19	<a href="#"><u>Employment Agreement between Cadre Holdings, Inc. and Warren B. Kanders, dated as of July 9, 2021.+</u></a>
10.20	<a href="#"><u>Employment Agreement between Cadre Holdings, Inc. and Brad Williams, dated as of July 9, 2021.+</u></a>
10.21	<a href="#"><u>Employment Agreement between Cadre Holdings, Inc. and Blaine Browers, dated as of July 9, 2021.+</u></a>
21.1	<a href="#"><u>Subsidiaries of the Cadre Holdings Inc.</u></a>
23.1	<a href="#"><u>Consent of KPMG LLP.</u></a>
23.2	Consent of Kane Kessler, P.C. (included in Exhibit 5.1).*
24.1	<a href="#"><u>Power of Attorney (included on signature page of this Registration Statement).</u></a>

\* To be filed by amendment. All other exhibits are submitted herewith.

+ Indicates management contract or compensatory plan.

#### **Item 17. Undertakings**

(a) The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Jacksonville, Florida, on July 12, 2021.

**CADRE HOLDINGS, INC.**

By: /s/ Warren B. Kanders

Name: Warren B. Kanders

Title: Chief Executive Officer

**POWER OF ATTORNEY**

Each of the undersigned officers and directors of Cadre Holdings, Inc. hereby severally constitute and appoint each of Warren B. Kanders and Blaine Browers as the attorneys-in-fact for the undersigned, in any and all capacities, with full power of substitution, to sign any and all pre- or post-effective amendments to this Registration Statement, any subsequent Registration Statement for the same offering which may be filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and any and all pre- or post-effective amendments thereto, and to file the same with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Warren B. Kanders Warren B. Kanders	Chief Executive Officer ( <i>Principal Executive Officer</i> ) and Chairman	July 12, 2021
/s/ Brad Williams Brad Williams	President	July 12, 2021
/s/ Blaine Browers Blaine Browers	Chief Financial Officer ( <i>Principal Financial Officer and Principal Accounting Officer</i> )	July 12, 2021
/s/ Hamish Norton Hamish Norton	Director	July 12, 2021
/s/ Nicholas Sokolow Nicholas Sokolow	Director	July 12, 2021
/s/ William Quigley William Quigley	Director	July 12, 2021
/s/ Nate Ward Nate Ward	Director	July 12, 2021
/s/ Roger Werner Roger Werner	Director	July 12, 2021

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**  
**OF**  
**CADRE HOLDINGS, INC.**  
*a Delaware Corporation*  
*(Pursuant to Sections 228 and 242 of the*  
*General Corporation Law of the State of Delaware)*

Cadre Holdings, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the “**DGCL**”), hereby certifies as follows:

1. That the name of this corporation is Cadre Holdings, Inc. (the “**Corporation**”). That the Corporation was originally incorporated under the name Maui Acquisition Corp. and that the original certificate of incorporation of the Corporation was filed with the Secretary of State (the “**Secretary of State**”) of the State of Delaware on April 12, 2012, as amended by that certain Certificate of Amendment of the Certificate of Incorporation, filed with the Secretary of State on June 26, 2012, that certain Certificate of Designation of Series A Preferred Stock, filed with the Secretary of State on July 25, 2012, that certain Amended and Restated Certificate of Designation of Series A Preferred Stock, filed with the Secretary of State on September 19, 2013, that certain Certificate of Change of Registered Agent, filed with the Secretary of State on August 2, 2016, and that certain Certificate of Amendment of the Certificate of Incorporation, filed with the Secretary of State on May 3, 2021.

2. This Amended and Restated Certificate of Incorporation (“**Amended and Restated Certificate**”), which restates, integrates and further amends the certificate of incorporation of the Corporation, which changes include, but are not limited to, eliminating the Series A preferred stock and associated rights, preferences and designations thereof, and such other matters, all as more fully set forth hereinafter, has been duly adopted by the Corporation in accordance with Sections 242 and 245 of the DGCL and has been adopted by the requisite vote of the stockholders of the Corporation, acting by written consent in lieu of a meeting in accordance with Section 228 of the DGCL.

3. The certificate of incorporation of the corporation is hereby amended and restated in its entirety to read as follows:

**FIRST:** The name of this corporation is Cadre Holdings, Inc.

**SECOND:** The address of the registered office of the Corporation in the State of Delaware is The Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

**THIRD:** The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized and incorporated under the DGCL.

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**FOURTH:** The total number of shares of all classes of capital stock that the Corporation is authorized to issue is 200,000,000 shares, consisting of (i) 190,000,000 shares of common stock, par value \$0.0001 per share (the “**Common Stock**”), and (ii) 10,000,000 shares of preferred stock, par value \$0.0001 per share (the “**Preferred Stock**”). Subject to the rights of the holders of any series of Preferred Stock, the number of authorized shares of any of the Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL, and no vote of the holders of any of the Common Stock or Preferred Stock voting separately as a class shall be required therefor.

Effective upon the filing of this Amended and Restated Certificate with the Secretary of State, a 50 to 1 forward stock split for each share of Common Stock outstanding or held in treasury immediately prior to such time shall automatically and without any action on the part of the holders thereof occur (the “**Forward Stock Split**”). The par value of the Common Stock shall remain \$0.0001 per share. This conversion shall apply to all shares of Common Stock. No fractional shares of Common Stock shall be issued upon the Forward Stock Split or otherwise. In lieu of any fractional shares of Common Stock to which the stockholder would otherwise be entitled upon the Forward Stock Split, the Corporation shall pay cash equal to such fraction multiplied by the then fair market value of the Common Stock as determined by the Corporation’s Board of Directors (the “**Board**”). Any and all certificates representing shares of Common Stock outstanding immediately prior to the filing of this Amended and Restated Certificate shall immediately after the filing of this Amended and Restated Certificate represent instead the number of shares of Common Stock as provided above. Notwithstanding the foregoing, any holder of Common Stock may (but shall not be required to) surrender his, her or its stock certificate or certificates to the Corporation, and upon such surrender the Corporation will issue a certificate for the correct number of shares of Common Stock to which the holder is entitled under the provisions of Amended and Restated Certificate. Shares of Common Stock that were outstanding prior to the filing of this Amended and Restated Certificate, and that are not outstanding after and as a result of the filing of this Amended and Restated Certificate, shall resume the status of authorized but unissued shares of Common Stock.

A. Common Stock. The powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions of the Common Stock are as follows:

1. Ranking. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board upon any issuance of the Preferred Stock of any series.
2. Voting. Except as otherwise provided by law or by the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall have the exclusive right to vote for the election and removal of directors and for all other purposes. Notwithstanding any other provision of this Amended and Restated Certificate (as amended from time to time, including the terms of any Preferred Stock Designation (as defined below)), to the contrary, the holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate (including any Preferred Stock Designation) or the DGCL.

3. Dividends. Subject to the rights of the holders of Preferred Stock, holders of shares of Common Stock shall be entitled to receive such dividends and distributions and other distributions in cash, stock or property of the Corporation when, as and if declared thereon by the Board from time to time out of assets or funds of the Corporation legally available therefor.

4. Liquidation. Subject to the rights of the holders of Preferred Stock, shares of Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution in the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary. A liquidation, dissolution or winding up of the affairs of the Corporation, as such terms are used in this Section A.4., shall not be deemed to be occasioned by or to include any consolidation or merger of the Corporation with or into any other person or a sale, lease, exchange or conveyance of all or a part of its assets.

B. Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series. The Board is hereby authorized to provide by resolution or resolutions from time to time for the issuance, out of the unissued shares of Preferred Stock, of one or more series of Preferred Stock, without stockholder approval, by filing a certificate pursuant to the applicable law of the State of Delaware (the “*Preferred Stock Designation*”), setting forth such resolution and, with respect to each such series, establishing the number of shares to be included in such series, and fixing the voting powers, full or limited, or no voting power of the shares of such series, and the designation, preferences and relative, participating, optional or other special rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof. The powers, designation, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations and restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. The authority of the Board with respect to each series of Preferred Stock shall include, but not be limited to, the determination of the following:

1. the designation of the series, which may be by distinguishing number, letter or title;
2. the number of shares of the series, which number the Board may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);
3. the amounts or rates at which dividends will be payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;
4. the dates on which dividends, if any, shall be payable;
5. the redemption rights and price or prices, if any, for shares of the series;
6. the terms and amount of any sinking fund, if any, provided for the purchase or redemption of shares of the series;

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7. the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;
8. whether the shares of the series shall be convertible into or exchangeable for, shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;
9. restrictions on the issuance of shares of the same series or any other class or series;
10. the voting rights, if any, of the holders of shares of the series generally or upon specified events; and
11. any other powers, preferences and relative, participating, optional or other special rights of each series of Preferred Stock, and any qualifications, limitations or restrictions of such shares,

all as may be determined from time to time by the Board and stated in the resolution or resolutions providing for the issuance of such Preferred Stock.

Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

**FIFTH:** This Article FIFTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

- A. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as otherwise provided by law.
- B. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be fixed from time to time solely by resolution of the majority of the Whole Board. For purposes of this Amended and Restated Certificate, the term “*Whole Board*” will mean the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.
- C. Board Structure. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, at each annual meeting of stockholders, each director of the Corporation shall be elected annually by stockholders and shall hold office until the next annual meeting and until his or her successor is duly elected and qualified or until his or her death, resignation, or removal. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

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- D. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any newly created directorship that results from an increase in the number of directors or any vacancy on the Board that results from the death, disability, resignation, disqualification or removal of any director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. Any director elected to fill a vacancy not resulting from an increase in the number of directors shall hold office for the remaining term of his or her predecessor.
- E. Removal. Any director or the entire Board may be removed from office at any time, only by the affirmative vote of the holders of at least 66 2/3% in voting power of the stock of the Corporation entitled to vote thereon.
- F. Stockholder Nominations and Introduction of Business. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the Amended and Restated Bylaws of the Corporation (the “*Bylaws*”),

**SIXTH:** Unless and except to the extent that the Bylaws shall so require, the election of directors of the Corporation need not be by written ballot.

**SEVENTH:** To the fullest extent permitted by the DGCL as it now exists and as it may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director; provided, however, that nothing contained in this Article SEVENTH shall eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to the provisions of Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit. No repeal or modification of this Article SEVENTH shall apply to or have any adverse effect on any right or protection of, or any limitation of the liability of, a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

**EIGHTH:** The Corporation shall indemnify, and advance expenses to, to the fullest extent permitted by law, any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

**NINTH:** Subject to the terms of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of the stockholders called in accordance with the Bylaws and may not be effected by written consent in lieu of a meeting.

**TENTH:** Special meetings of stockholders for any purpose or purposes may be called at any time by the majority of the Whole Board, the Chairman of the Board, the Chief Executive Officer of the Corporation, and/or the President of the Corporation, and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

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**ELEVENTH:** If any provision or provisions of this Amended and Restated Certificate shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service or for the benefit of the Corporation to the fullest extent permitted by law.

The Corporation reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate, and any other provisions authorized by the DGCL may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Amended and Restated Certificate in its present form or as hereafter amended are granted subject to the right reserved in this Article ELEVENTH. Notwithstanding any other provision of this Amended and Restated Certificate or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Amended and Restated Certificate or by any Preferred Stock Designation, the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon shall be required to amend, alter, change or repeal any provision of this Amended and Restated Certificate, or to adopt any new provision of this Amended and Restated Certificate; provided, however, that the affirmative vote of the holders of at least 66 2/3% in voting power of the stock of the Corporation entitled to vote thereon shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with, any of Article FIFTH, Article SEVENTH, Article EIGHTH, Article NINTH, Article TENTH, and Article TWELFTH, and this sentence of this Amended and Restated Certificate, or in each case, the definition of any capitalized terms used therein or any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other provision of this Amended and Restated Certificate). Any amendment, repeal or modification of any of Article SEVENTH, Article EIGHTH, and this sentence shall not adversely affect any right or protection of any person existing thereunder with respect to any act or omission occurring prior to such amendment, repeal or modification.

**TWELFTH:** In furtherance and not in limitation of the powers conferred upon it by law, the Board is expressly authorized and empowered to adopt, amend and repeal the Bylaws by the affirmative vote of a majority of the Whole Board. Notwithstanding any other provision of this Amended and Restated Certificate or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Amended and Restated Certificate or by any Preferred Stock Designation, the Bylaws may also be amended, altered or repealed and new Bylaws may be adopted by the affirmative vote of the holders of at least 66 2/3% in voting power of the stock of the Corporation entitled to vote thereon.

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IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation as of this 8<sup>th</sup> day of July, 2021.

CADRE HOLDINGS, INC.

By: /s/ BLAINE BROWERS

Name: Blaine Browsers

Title: Chief Financial Officer

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**AMENDED AND RESTATED BYLAWS  
OF  
CADRE HOLDINGS, INC.**

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## AMENDED AND RESTATED BYLAWS OF CADRE HOLDINGS, INC.

### ARTICLE I—CORPORATE OFFICES

#### 1.1 REGISTERED OFFICE

The registered office of Cadre Holdings, Inc. (the “*Company*”) shall be fixed in the Company’s amended and restated certificate of incorporation (the “*certificate of incorporation*”), as the same may be amended from time to time.

#### 1.2 OTHER OFFICES

The Company may at any time establish other offices at any place or places.

### ARTICLE II—MEETINGS OF STOCKHOLDERS

#### 2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at a place, if any, within or outside the State of Delaware, determined by the board of directors of the Company (the “*Board of Directors*”). The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the “*DGCL*”) or any successor legislation. In the absence of any such designation or determination, stockholders’ meetings shall be held at the Company’s principal executive office.

#### 2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held each year. The Board of Directors shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and any other proper business, brought in accordance with Section 2.4 of these amended and restated bylaws, may be transacted. The Board of Directors, acting pursuant to a resolution adopted by a majority of the Whole Board, or the chairperson of the meeting may cancel, postpone or reschedule any previously scheduled annual meeting at any time, before or after the notice for such meeting has been sent to the stockholders. For the purposes of these bylaws, the term “*Whole Board*” shall mean the total number of authorized directorships whether or not there exist any vacancies or other unfilled seats in previously authorized directorships.

#### 2.3 SPECIAL MEETING

(a) A special meeting of the stockholders, other than as required by statute, may be called at any time by (i) the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board, (ii) the chairperson of the Board of Directors, (iii) the chief executive officer or (iv) the president, but a special meeting may not be called by any other person or persons and any power of stockholders to call a special meeting of stockholders is specifically denied. The Board of Directors, acting pursuant to a resolution adopted by a majority of the Whole Board, or the chairperson of the meeting may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

(b) The notice of a special meeting shall include the purpose for which the meeting is called. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of a majority of the Whole Board, the chairperson of the Board of Directors, the chief executive officer or the president. Nothing contained in this Section 2.3(b) shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.



## 2.4 ADVANCE NOTICE PROCEDURES

### (a) *Annual Meetings of Stockholders.*

(i) Nominations of persons for election to the Board of Directors or the proposal of other business to be transacted by the stockholders at an annual meeting of stockholders may be made only (1) pursuant to the Company's notice of meeting (or any supplement thereto); (2) by or at the direction of the Board of Directors; (3) as may be provided in the certificate of designations for any class or series of preferred stock; or (4) by any stockholder of the Company who (A) is a stockholder of record at the time of giving of the notice contemplated by Section 2.4(a)(ii); (B) is a stockholder of record on the record date for the determination of stockholders entitled to notice of the annual meeting; (C) is a stockholder of record on the record date for the determination of stockholders entitled to vote at the annual meeting; (D) is a stockholder of record at the time of the annual meeting; and (E) complies with the procedures set forth in this Section 2.4(a).

(ii) For nominations or other business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to clause (4) of Section 2.4(a)(i), the stockholder must have given timely notice in writing to the secretary and any such nomination or proposed business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be received by the secretary at the principal executive offices of the Company no earlier than 8:00 a.m., local time, on the 120th day and no later than 5:00 p.m., local time, on the 90th day prior to the day of the first anniversary of the preceding year's annual meeting of stockholders. However, if no annual meeting of stockholders was held in the preceding year, or if the date of the applicable annual meeting has been changed by more than 30 days before or more than 60 days after the first anniversary of the preceding year's annual meeting, then to be timely such notice must be received by the secretary at the principal executive offices of the Company no earlier than 8:00 a.m., local time, on the 120th day prior to the day of the annual meeting and not later than the later of (x) the close of business on the 90th day before the meeting or (y) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting was first made by the Company. In no event will the adjournment, rescheduling or postponement of any annual meeting, or any announcement thereof, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. If the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors at least 10 days before the last day that a stockholder may deliver a notice of nomination pursuant to the foregoing provisions, then a stockholder's notice required by this Section 2.4(a)(ii) will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the secretary at the principal executive offices of the Company no later than 5:00 p.m., local time, on the 10th day following the day on which such public announcement is first made. "**Public announcement**" means disclosure in a press release reported by a national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 (as amended and inclusive of rules and regulations thereunder, the "**1934 Act**").

(iii) A stockholder's notice to the secretary must set forth:

(1) as to each person whom the stockholder proposes to nominate for election as a director:

(A) such person's name, age, business address, residence address and principal occupation or employment; the class and number of shares of the Company that are held of record or are beneficially owned by such person and a description of any Derivative Instruments (defined below) held or beneficially owned thereby or of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of such person; and all information relating to such person that is required to be disclosed in solicitations of proxies for the contested election of directors, or is otherwise required, in each case pursuant to the Section 14 of the 1934 Act;

(B) such person's written consent to being named in such stockholder's proxy statement as a nominee of such stockholder and to serving as a director of the Company if elected;

(C) a reasonably detailed description of any direct or indirect compensatory, payment, indemnification or other financial agreement, arrangement or understanding that such person has, or has had within the past three years, with any person or entity other than the Company (including the amount of any payment or payments received or receivable thereunder), in each case in connection with candidacy or service as a director of the Company (a "**Third-Party Compensation Arrangement**"); and

(D) a description of any other material relationships between such person and such person's respective affiliates and associates, or others acting in concert with them, on the one hand, and such stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, and their respective affiliates and associates, or others acting in concert with them, on the other hand;

(2) as to any other business that the stockholder proposes to bring before the annual meeting:

(A) a brief description of the business desired to be brought before the annual meeting;

(B) the text of the proposal or business (including the text of any resolutions proposed for consideration and, if applicable, the text of any proposed amendment to these bylaws or the Company's certificate of incorporation);

(C) the reasons for conducting such business at the annual meeting;

(D) any material interest in such business of such stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, and their respective affiliates and associates, or others acting in concert with them; and

(E) a description of all agreements, arrangements and understandings between such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and their respective affiliates or associates or others acting in concert with them, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and

(3) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(A) the name and address of such stockholder (as they appear on the Company's books), of such beneficial owner and of their respective affiliates or associates or others acting in concert with them;

(B) for each class or series, the number of shares of stock of the Company that are, directly or indirectly, held of record or are beneficially owned by such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them;

(C) a description of any agreement, arrangement or understanding between such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, and any other person or persons (including, in each case, their names) in connection with the proposal of such nomination or other business;

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(D) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, with respect to the Company's securities (any of the foregoing, a "**Derivative Instrument**"), or any other agreement, arrangement or understanding that has been made the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for or increase or decrease the voting power of such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, with respect to the Company's securities;

(E) any rights to dividends on the Company's securities owned beneficially by such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, that are separated or separable from the underlying security;

(F) any proportionate interest in the Company's securities or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(G) any performance-related fees (other than an asset-based fee) that such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them is entitled to based on any increase or decrease in the value of the Company's securities or Derivative Instruments, including, without limitation, any such interests held by members of the immediate family of such persons sharing the same household;

(H) any significant equity interests or any Derivative Instruments in any principal competitor of the Company that are held by such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them;

(I) any direct or indirect interest of such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, in any contract with the Company, any affiliate of the Company or any principal competitor of the Company (in each case, including any employment agreement, collective bargaining agreement or consulting agreement);

(J) a representation and undertaking that the stockholder is a holder of record of stock of the Company as of the date of submission of the stockholder's notice and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting;

(K) a representation and undertaking that such stockholder or any such beneficial owner intends, or is part of a group that intends, to (x) deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Company's then-outstanding stock required to approve or adopt the proposal or to elect each such nominee; or (y) otherwise solicit proxies from stockholders in support of such proposal or nomination;

(L) any other information relating to such stockholder, such beneficial owner, or their respective affiliates or associates or others acting in concert with them, or director nominee or proposed business that, in each case, would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies in support of such nominee (in a contested election of directors) or proposal pursuant to Section 14 of the 1934 Act; and

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(M) such other information relating to any proposed item of business as the Company may reasonably require to determine whether such proposed item of business is a proper matter for stockholder action.

(iv) In addition to the requirements of this Section 2.4, to be timely, a stockholder's notice (and any additional information submitted to the Company in connection therewith) must further be updated and supplemented (1) if necessary, so that the information provided or required to be provided in such notice is true and correct as of the record date(s) for determining the stockholders entitled to notice of, and to vote at, the meeting and as of the date that is 10 business days prior to the meeting or any adjournment, rescheduling or postponement thereof and (2) to provide any additional information that the Company may reasonably request. Such update and supplement or additional information, if applicable, must be received by the secretary at the principal executive offices of the Company, in the case of a request for additional information, promptly following a request therefor, which response must be delivered not later than such reasonable time as is specified in any such request from the Company or, in the case of any other update or supplement of any information, not later than five business days after the record date(s) for the meeting (in the case of any update and supplement required to be made as of the record date(s)), and not later than eight business days prior to the date for the meeting or any adjournment, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment, rescheduling or postponement thereof). The failure to timely provide such update, supplement or additional information shall result in the nomination or proposal no longer being eligible for consideration at the meeting.

(b) *Special Meetings of Stockholders.* Except to the extent required by the DGCL, and subject to Section 2.3(a), special meetings of stockholders may be called only in accordance with the Company's certificate of incorporation and these bylaws. Only such business will be conducted at a special meeting of stockholders as has been brought before the special meeting pursuant to the Company's notice of meeting. If the election of directors is included as business to be brought before a special meeting in the Company's notice of meeting, then nominations of persons for election to the Board of Directors at such special meeting may be made by any stockholder who (i) is a stockholder of record at the time of giving of the notice contemplated by this Section 2.4(b); (ii) is a stockholder of record on the record date for the determination of stockholders entitled to notice of the special meeting; (iii) is a stockholder of record on the record date for the determination of stockholders entitled to vote at the special meeting; (iv) is a stockholder of record at the time of the special meeting; and (v) complies with the procedures set forth in this Section 2.4(b). For nominations to be properly brought by a stockholder before a special meeting pursuant to this Section 2.4(b), the stockholder's notice must be received by the secretary at the principal executive offices of the Company no earlier than 8:00 a.m., local time, on the 120th day prior to the day of the special meeting and no later than 5:00 p.m., local time, on the 10th day following the day on which public announcement of the date of the special meeting was first made. In no event will any adjournment, rescheduling or postponement of a special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice. A stockholder's notice to the Secretary must comply with the applicable notice requirements of Section 2.4(a)(iii).

(c) *Other Requirements.*

(i) To be eligible to be a nominee by any stockholder for election as a director of the Company, the proposed nominee must provide to the secretary, in accordance with the applicable time periods prescribed for delivery of notice under Section 2.4(a)(ii) or Section 2.4(b):

(1) a signed and completed written questionnaire (in the form provided by the secretary at the written request of the nominating stockholder, which form will be provided by the secretary within 10 days of receiving such request) containing information regarding such nominee's background and qualifications and such other information as may reasonably be required by the Company to determine the eligibility of such nominee to serve as a director of the Company or to serve as an independent director of the Company;

(2) a written representation and undertaking that, unless previously disclosed to the Company, such nominee is not, and will not become, a party to any voting agreement, arrangement, commitment, assurance or understanding with any person or entity as to how such nominee, if elected as a director, will vote on any issue;

(3) a written representation and undertaking that, unless previously disclosed to the Company, such nominee is not, and will not become, a party to any Third-Party Compensation Arrangement;

(4) a written representation and undertaking that, if elected as a director, such nominee would be in compliance, and will continue to comply, with the Company's corporate governance guidelines as disclosed on the Company's website, as amended from time to time; and

(5) a written representation and undertaking that such nominee, if elected, intends to serve a full term on the Board of Directors.

(ii) At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director must furnish to the secretary the information that is required to be set forth in a stockholder's notice of nomination that pertains to such nominee.

(iii) No person will be eligible to be nominated by a stockholder for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 2.4. No business proposed by a stockholder will be conducted at a stockholder meeting except in accordance with this Section 2.4.

(iv) The chairperson of the applicable meeting of stockholders will, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws or that business was not properly brought before the meeting. If the chairperson of the meeting should so determine, then the chairperson of the meeting will so declare to the meeting and the defective nomination will be disregarded or such business will not be transacted, as the case may be.

(v) Notwithstanding anything to the contrary in this Section 2.4, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear in person at the meeting to present a nomination or other proposed business, such nomination will be disregarded or such proposed business will not be transacted, as the case may be, notwithstanding that proxies in respect of such nomination or business may have been received by the Company and counted for purposes of determining a quorum. For purposes of this Section 2.4, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting.

(vi) Without limiting this Section 2.4, a stockholder must also comply with all applicable requirements of the 1934 Act with respect to the matters set forth in this Section 2.4, it being understood that (1) any references in these bylaws to the 1934 Act are not intended to, and will not, limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.4; and (2) compliance with clause (4) of Section 2.4(a)(i) and with Section 2.4(b) are the exclusive means for a stockholder to make nominations or submit other business (other than as provided in Section 2.4(c)(vii)).

(vii) Notwithstanding anything to the contrary in this Section 2.4, the notice requirements set forth in these bylaws with respect to the proposal of any business pursuant to this Section 2.4 will be deemed to be satisfied by a stockholder if (1) such stockholder has submitted a proposal to the Company in compliance with Rule 14a-8 under the 1934 Act; and (2) such stockholder's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for the meeting of stockholders. Subject to Rule 14a-8 and other applicable rules and regulations under the 1934 Act, nothing in these bylaws will be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Company's proxy statement any nomination of a director or any other business proposal.

## 2.5 NOTICE OF STOCKHOLDERS' MEETINGS

Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

## 2.6 QUORUM

The holders of a majority of the voting power of the capital stock of the Company issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. Where a separate vote by a class or series or classes or series is required, a majority of the voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (a) the chairperson of the meeting, or (b) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the original meeting.

## 2.7 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned

meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL and Section 2.11 of these bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

## 2.8 CONDUCT OF BUSINESS

The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business and discussion as seem to the chairperson in order. The chairperson of any meeting of stockholders shall be designated by the Board of Directors; in the absence of such designation, the chairperson of the Board of Directors, if any, or the chief executive officer (in the absence of the chairperson of the Board of Directors) or the president (in the absence of the chairperson of the Board of Directors and the chief executive officer), or in their absence any other executive officer of the Company, shall serve as chairperson of the stockholder meeting. The chairperson of any meeting of stockholders shall have the power to adjourn the meeting to another place, if any, date or time, whether or not a quorum is present.

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## 2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as otherwise provided by law, the certificate of incorporation, these bylaws or the rules of the stock exchange on which the Company's securities are listed, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of the voting power of the outstanding shares of such class or series or classes or series present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation, these bylaws or the rules of the stock exchange on which the securities of the Company are listed.

## 2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. A consent must be set forth in writing or in an electronic transmission. No consent shall be effective to take the corporate action referred to therein unless valid consents signed by a sufficient number of stockholders to take such action are delivered to the Company in the manner prescribed in this Section 2.10 and applicable law within 60 days of the first date on which a consent is so delivered to the Company. All references to a consent in this Section 2.10 mean a consent permitted by this Section 2.10 and contemplated by Section 228 of the DGCL.

A consent permitted by this Section 2.10 shall be delivered (i) to the principal place of business of the Company; (ii) to an officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded; (iii) to the registered office of the Company in the State of Delaware by hand or by certified or registered mail, return receipt requested; or (iv) subject to the next sentence, in accordance with Section 116 of the DGCL, to an information processing system, if any, designated by the Company for receiving such consents. In the case of delivery pursuant to the foregoing clause (iv), such consent must set forth or be delivered with information that enables the Company to determine the date of delivery of such consent and the identity of the person giving such consent, and, if such consent is given by a person authorized to act for a stockholder as proxy, such consent must comply with the applicable provisions of Sections 212(c)(2) and (3) of the DGCL. A consent may be documented and signed in accordance with Section 116 of the DGCL, and when so documented or signed shall be deemed to be in writing for purposes of the DGCL; *provided* that if such consent is delivered pursuant to clause (i), (ii) or (iii) of the first sentence of this paragraph, such consent must be reproduced and delivered in paper form.

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In the event that the Board of Directors shall have instructed the officers of the Company to solicit the vote or consent of the stockholders of the Company, an electronic transmission of a stockholder consent given pursuant to such solicitation, to be effective, must be delivered by electronic mail (as defined in Section 232 of the DGCL) to the secretary or president of the Company or to a person designated by the Company for receiving such consent, or delivered to an information processing system designated by the Company for receiving such consent.

## 2.11 RECORD DATES

In order that the Company may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 2.11 at the adjourned meeting.

In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may

fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

## 2.12 PROXIES

Each stockholder entitled to vote at a meeting of stockholders, or to take corporate action by written consent without a meeting, or such stockholder's authorized officer, director, employee or agent, may authorize another person or persons to act for such stockholder by proxy authorized by a document or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The authorization of a person to act as a proxy may be documented, signed and delivered in accordance with Section 116 of the DGCL; *provided* that such authorization shall set forth, or be delivered with information enabling the Company to determine, the identity of the stockholder granting such authorization. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

## 2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The Company shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided, however*, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the Company's principal place of business. In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

## 2.14 INSPECTORS OF ELECTION

Before any meeting of stockholders, the Company shall appoint an inspector or inspectors of election to act at the meeting or its adjournment. The Company may designate one or more persons as alternate inspectors to replace any inspector who fails to act. Such inspectors shall take all actions as contemplated under Section 231 of the DGCL or any successor provision thereto.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are multiple inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is *prima facie* evidence of the facts stated therein.

# ARTICLE III—DIRECTORS

## 3.1 POWERS

The business and affairs of the Company shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided in the DGCL or the certificate of incorporation.

## 3.2 NUMBER OF DIRECTORS

The Board of Directors shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of a majority of the Whole Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

## 3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

## 3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon notice given in writing or by electronic transmission to the chairperson of the Board of Directors, chief executive officer, president or secretary of the Company. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws or permitted in the specific case by resolution of the Board of Directors, and subject to the rights of holders of Preferred Stock, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by stockholders. If the directors are divided into classes, a person so chosen to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified.

## 3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The Board of Directors may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

### 3.6 REGULAR MEETINGS

Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

### 3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the chairperson of the Board of Directors, the chief executive officer, the president, the secretary or a majority of the Whole Board; *provided* that the person(s) authorized to call special meetings of the Board of Directors may authorize another person or persons to send notice of such meeting.

Notice of the time and place of special meetings shall be:

- (a) delivered personally by hand, by courier or by telephone;
- (b) sent by United States first-class mail, postage prepaid;
- (c) sent by facsimile;

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- (d) sent by electronic mail; or

- (e) otherwise given by electronic transmission (as defined in Section 232 of the DGCL),

directed to each director at that director's address, telephone number, facsimile number, electronic mail address or other contact for notice by electronic transmission, as the case may be, as shown on the Company's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile, (iii) sent by electronic mail or (iv) otherwise given by electronic transmission, it shall be delivered, sent or otherwise directed to each director, as applicable, at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Company's principal executive office) nor the purpose of the meeting, unless required by statute.

### 3.8 QUORUM; VOTING

At all meetings of the Board of Directors, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

The affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

### 3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this Section 3.9 at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of the proceedings of the Board of Directors, or the committee thereof, in the same paper or electronic form as the minutes are maintained.

### 3.10 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board of Directors shall have the authority to fix the compensation of directors.

### 3.11 REMOVAL OF DIRECTORS

Any director or the entire Board of Directors may be removed from office by stockholders of the Company in the manner specified in the certificate of incorporation. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

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## ARTICLE IV—COMMITTEES

### 4.1 COMMITTEES OF DIRECTORS

The Board of Directors may, by resolution passed by a majority of the Whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified

member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers that may require it; but no such committee shall have the power or authority to (a) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (b) adopt, amend or repeal any bylaw of the Company.

#### 4.2 COMMITTEE MINUTES

Each committee and subcommittee shall keep regular minutes of its meetings.

#### 4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees and subcommittees shall be governed by, and held and taken in accordance with, the provisions of:

- (a) Section 3.5 (place of meetings and meetings by telephone);
- (b) Section 3.6 (regular meetings);
- (c) Section 3.7 (special meetings and notice);
- (d) Section 3.8 (quorum; voting);
- (e) Section 3.9 (action without a meeting); and
- (f) Section 7.4 (waiver of notice)

with such changes in the context of those bylaws as are necessary to substitute the committee or subcommittee and its members for the Board of Directors and its members. *However*, (i) the time and place of regular meetings of committees or subcommittees may be determined either by resolution of the Board of Directors or by resolution of the committee or subcommittee; (ii) special meetings of committees or subcommittees may also be called by resolution of the Board of Directors or the committee or the subcommittee; and (iii) notice of special meetings of committees and subcommittees shall also be given to all alternate members who shall have the right to attend all meetings of the committee or subcommittee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

#### 4.4 SUBCOMMITTEES

Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

### ARTICLE V—OFFICERS

#### 5.1 OFFICERS

The officers of the Company shall be a chief executive officer, president and a secretary. The Company may also have, at the discretion of the Board of Directors, a chairperson of the Board of Directors, a vice chairperson of the Board of Directors, a chief financial officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

#### 5.2 APPOINTMENT OF OFFICERS

The Board of Directors shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

#### 5.3 SUBORDINATE OFFICERS

The Board of Directors may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers as the business of the Company may require. Each of such officers shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board of Directors may from time to time determine.

#### 5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors or, for the avoidance of doubt, any duly authorized committee or subcommittee thereof or by any officer who has been conferred such power of removal. Notwithstanding the foregoing, the chief executive officer and the president of the Company may only be removed by a vote of the majority of the Whole Board.

Any officer may resign at any time by giving notice, in writing or by electronic transmission, to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

#### 5.5 VACANCIES IN OFFICES

Any vacancy occurring in any office of the Company shall be filled by the Board of Directors or as provided in Section 5.3.

## 5.6 REPRESENTATION OF SECURITIES OF OTHER ENTITIES

The chairperson of the Board of Directors, the chief executive officer, the president, any vice president, the treasurer, the secretary or assistant secretary of this Company or any other person authorized by the Board of Directors or the chief executive officer, the president or a vice president, is authorized to vote, represent and exercise on behalf of this Company all rights incident to any and all shares or other securities of any other entity or entities, and all rights incident to any management authority conferred on the Company in accordance with the governing documents of any entity or entities, standing in the name of this Company, including the right to act by written consent. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

## 5.7 AUTHORITY AND DUTIES OF OFFICERS

All officers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

# ARTICLE VI—STOCK

## 6.1 STOCK CERTIFICATES; PARTLY PAID SHARES

The shares of the Company shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Unless otherwise provided by resolution of the Board of Directors, every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of, the Company by any two officers of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Company shall not have power to issue a certificate in bearer form.

The Company may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly-paid shares, or upon the books and records of the Company in the case of uncertificated partly-paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully-paid shares, the Company shall declare a dividend upon partly-paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

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## 6.2 SPECIAL DESIGNATION ON CERTIFICATES

If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided, however*, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock, a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the registered owner thereof shall be given a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on certificates pursuant to this Section 6.2 or Sections 156, 202(a), 218(a) or 364 of the DGCL or with respect to this Section 6.2 a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

## 6.3 LOST CERTIFICATES

Except as provided in this Section 6.3, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

## 6.4 DIVIDENDS

The Board of Directors, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Company's capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock, subject to the provisions of the certificate of incorporation. The Board of Directors may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

## 6.5 TRANSFER OF STOCK

Transfers of record of shares of stock of the Company shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer.

## 6.6 STOCK TRANSFER AGREEMENTS

The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

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## 6.7 REGISTERED STOCKHOLDERS

The Company:

(a) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and notices and to vote as such owner; and

(b) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

## ARTICLE VII—MANNER OF GIVING NOTICE AND WAIVER

### 7.1 NOTICE OF STOCKHOLDERS' MEETINGS

Notice of any meeting of stockholders shall be given in the manner set forth in the DGCL.

### 7.2 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within 60 days of having been given written notice by the Company of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice. This Section 7.2 shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

### 7.3 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL

Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

### 7.4 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

## ARTICLE VIII—INDEMNIFICATION

### 8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS

Subject to the other provisions of this Article VIII, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

### 8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE COMPANY

Subject to the other provisions of this Article VIII, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

### 8.3 SUCCESSFUL DEFENSE

To the extent that a present or former director or officer (for purposes of this Section 8.3 only, as such term is defined in Section 145(c)(1) of the DGCL) of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith. The Company may indemnify any other person who is not a present or former director or officer of the Company against expenses (including attorneys' fees) actually and reasonably incurred by such person to the extent he or she has been successful on the merits or otherwise in defense of any suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein.

#### 8.4 INDEMNIFICATION OF OTHERS

Subject to the other provisions of this Article VIII, the Company shall have power to indemnify its employees and agents, or any other persons, to the extent not prohibited by the DGCL or other applicable law. The Board of Directors shall have the power to delegate to any person or persons identified in subsections (1) through (4) of Section 145(d) of the DGCL the determination of whether employees or agents shall be indemnified.

#### 8.5 ADVANCED PAYMENT OF EXPENSES

Expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the Company in defending any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) actually and reasonably incurred by former directors and officers or other current or former employees and agents of the Company or by persons currently or formerly serving at the request of the Company as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Company deems appropriate. The right to advancement of expenses shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 8.6(b) or 8.6(c) prior to a determination that the person is not entitled to be indemnified by the Company.

Notwithstanding the foregoing, unless otherwise determined pursuant to Section 8.8, no advance shall be made by the Company to an officer of the Company (except by reason of the fact that such officer is or was a director of the Company, in which event this paragraph shall not apply) in any Proceeding if a determination is reasonably and promptly made (a) by a vote of the directors who are not parties to such Proceeding, even though less than a quorum, or (b) by a committee of such directors designated by the vote of the majority of such directors, even though less than a quorum, or (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, that facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the Company.

#### 8.6 LIMITATION ON INDEMNIFICATION

Subject to the requirements in Section 8.3 and the DGCL, the Company shall not be obligated to indemnify any person pursuant to this Article VIII in connection with any Proceeding (or any part of any Proceeding):

- (a) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;
- (b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the 1934 Act, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);
- (c) for any reimbursement of the Company by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Company, as required in each case under the 1934 Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "*Sarbanes-Oxley Act*"), or the payment to the Company of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Board of Directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise required to be made under Section 8.7 or (iv) otherwise required by applicable law; or

- (e) if prohibited by applicable law.

#### 8.7 DETERMINATION; CLAIM

If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within 90 days after receipt by the Company of the written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. The Company shall indemnify such person against any and all expenses that are actually and reasonably incurred by such person in connection with any action for indemnification or advancement of expenses from the Company under this Article VIII, to the extent such person is successful in such action, and to the extent not prohibited by law. In any such suit, the Company shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

#### 8.8 NON-EXCLUSIVITY OF RIGHTS

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

#### 8.9 INSURANCE

The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of the DGCL.

## 8.10 SURVIVAL

The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

## 8.11 EFFECT OF REPEAL OR MODIFICATION

A right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation or a bylaw shall not be eliminated or impaired by an amendment to or repeal or elimination of the certificate of incorporation or these bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

## 8.12 CERTAIN DEFINITIONS

For purposes of this Article VIII, references to the “*Company*” shall include, in addition to the resulting company, any constituent company (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent company, or is or was serving at the request of such constituent company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving company as such person would have with respect to such constituent company if its separate existence had continued. For purposes of this Article VIII,; references to “*fin*es” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “*serving at the request of the Company*” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “*not opposed to the best interests of the Company*” as referred to in this Article VIII.

# ARTICLE IX—GENERAL MATTERS

## 9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

Except as otherwise provided by law, the certificate of incorporation or these bylaws, the Board of Directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute any document or instrument in the name of and on behalf of the Company; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Company by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

## 9.2 FISCAL YEAR

The fiscal year of the Company shall be fixed by resolution of the Board of Directors and may be changed by the Board of Directors.

## 9.3 SEAL

The Company may adopt a corporate seal, which shall be adopted and which may be altered by the Board of Directors. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

## 9.4 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “**person**” includes a corporation, partnership, limited liability company, joint venture, trust or other enterprise, and a natural person. Any reference in these bylaws to a section of the DGCL shall be deemed to refer to such section as amended from time to time and any successor provisions thereto.

## 9.5 FORUM SELECTION

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders; (iii) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the DGCL or the Corporation’s certificate of incorporation or bylaws (as either may be amended, restated, modified, supplemented or waived from time to time); (iv) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine; or (v) any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). For the avoidance of doubt, this Section 9.5 shall not apply to any action or proceeding asserting a claim under the Securities Act of 1933, as amended (the “*Securities Act*”), or the 1934 Act.

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

If any action the subject matter of which is within the scope of Section 9.5 above is filed in a court other than a court located within the State of Delaware (a “*Foreign Action*”) in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 9.5 above (an “*FSC Enforcement Action*”) and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder’s counsel in the Foreign Action as agent for such stockholder.

# ARTICLE X—AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote; provided, however, that the affirmative vote of the holders of at least 66 1/3% of the total voting power of outstanding voting securities, voting together as a single class, shall be required for the stockholders of the Company to alter, amend or repeal, or adopt any provision of these bylaws. The Board of Directors shall also have the power to adopt, amend or repeal bylaws; provided, however, that a bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board of Directors.



**MAUI ACQUISITION CORP.,  
SAFARILAND, LLC,  
SAFARILAND GLOBAL SOURCING, LLC,  
HORSEPOWER, LLC,  
MED-ENG, LLC,  
SENCAN HOLDINGS, LLC, and  
ATLANTIC TACTICAL, INC.,**  
as US Borrowers, and

**LAWMEN'S DISTRIBUTION, LLC,  
SAFARILAND DISTRIBUTION, LLC,  
UNITED UNIFORM DISTRIBUTION, LLC,  
GH ARMOR SYSTEMS INC. and  
DEFENSE TECHNOLOGY, LLC,**  
as US Guarantors, and

**MED-ENG HOLDINGS ULC, and  
PACIFIC SAFETY PRODUCTS INC.**  
as Canadian Borrowers,

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**TERM LOAN AND SECURITY AGREEMENT**

Dated as of November 17, 2020

**\$225,000,000**

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**CERTAIN FINANCIAL INSTITUTIONS,**

as Lenders and

**GUGGENHEIM CREDIT SERVICES, LLC,**  
as Agent

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## TERM LOAN AND SECURITY AGREEMENT

**THIS TERM LOAN AND SECURITY AGREEMENT** is dated as of November 17, 2020 (this "**Agreement**"), among **MAUI ACQUISITION CORP.**, a Delaware corporation ("**Holdings**"), **SAFARILAND, LLC**, a Delaware limited liability company ("**Safariland**"), **SAFARILAND GLOBAL SOURCING, LLC**, a Delaware limited liability company ("**Global Sourcing**"), **HORSEPOWER, LLC**, a Delaware limited liability company ("**Horsepower**"), **MED- ENG, LLC**, a Delaware limited liability company ("**Med-Eng**"), **SENCAN HOLDINGS, LLC**, a Delaware limited liability company ("**Sencan Holdings**"), **ATLANTIC TACTICAL, INC.**, a Pennsylvania corporation ("**ATI**") and, together with Holdings, Safariland, Global Sourcing, Horsepower, Med-Eng and Sencan Holdings, collectively, "**US Borrowers**"), **MED-ENG HOLDINGS ULC**, a British Columbia unlimited liability company ("**Med-Eng Holdings**"), **PACIFIC SAFETY PRODUCTS INC.**, a Canadian corporation ("**PSP**") and, together with Med-Eng Holdings, collectively, "**Canadian Borrowers**"), the other Obligors party hereto, the Lenders (as defined below) and **GUGGENHEIM CREDIT SERVICES, LLC**, as agent for the Lenders ("**Agent**").

## RECITALS:

In order to utilize the financial powers of Borrowers in the most efficient and economical manner, Lenders will, at the request of Borrowers, extend financial accommodations to Borrowers in accordance with the provisions set forth in this Agreement.

Borrowers' business is a mutual and collective enterprise, and Borrowers believe that the consolidation of all loans and other financial accommodations under this Agreement will enhance the aggregate borrowing powers of Borrowers and facilitate the administration of their loan relationship with Agent and Lenders, all to the mutual advantage of Borrowers.

Lenders are willing to extend financial accommodations to Borrowers, including extending credit in the form of secured term loans on the Closing Date and on one or more Delayed Draw Closing Dates as further set forth herein, and to administer Borrowers' collateral security therefor, on a combined basis as and to the extent more fully set forth in this Agreement, is done solely as an accommodation to Borrowers and at Borrowers' request and in furtherance of Borrowers' mutual and collective enterprise.

NOW, THEREFORE, for valuable consideration hereby acknowledged of the premises and of the mutual covenants herein contained, the parties hereto, intending to be bound hereby, hereby agree as follows:

## SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION

### 1.1. Definitions. As used herein, the following terms have the meanings set forth below:

ABL Priority Collateral: as defined in the Intercreditor Agreement (as defined herein).

Account: as defined in the UCC (or, with respect to any Account of a Canadian Obligor, the PPSA), including all rights to payment for goods sold or leased, or for services rendered.

Account Debtor: a Person obligated under an Account, Chattel Paper or General Intangible.

Acquisition: a transaction or series of transactions resulting in (a) acquisition of a business, division, or substantially all assets of a Person; (b) record or beneficial ownership of more than 50% of the Equity Interests of a Person; or (c) merger, consolidation, combination or amalgamation of an Obligor or Subsidiary with another Person (other than such transactions where an Obligor merges, amalgamates or consolidates with another Obligor and the result of such merger, amalgamation or consolidation is that the surviving or continuing entity is an Obligor).

Acquisition Policies: each insurance policy issued in connection with a Permitted Acquisition that insures against a breach of a representation or warranty given under an acquisition agreement entered into in respect of such Permitted Acquisition.

Affiliate: with respect to any Person, another Person that, from and after the Closing Date, directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided, however that neither the Agent nor any Lender, shall be deemed to be "Affiliates" of the Obligors; provided further that affiliates of the owners of the Equity Interests of Holdings (other than Holdings and its Subsidiaries) shall in any event be deemed "Affiliates" of Holdings for purposes of Section 10.2.17. "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. The terms "Controlling" and "Controlled," "Controlled by" and "under common Control with" have correlative meanings thereto.

Agent Fee Letter: as defined in **Section 3.2**.

Agent Indemnities: Agent and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Agreement: as defined in the preamble to this Agreement.

Allocable Amount: as defined in **Section 5.11.3**.

AML Legislation: as defined in **Section 14.19(a)**.

Anti-Terrorism Law: any law relating to terrorism or money laundering, including the PATRIOT Act and the Proceeds of Crime Act.

Applicable Law: all laws, rules, regulations and enforceable governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders, ordinances and decrees of Governmental Authorities.

Applicable Lenders: with respect to a Borrower Group, the Lenders having Borrower Group Commitments to Borrowers within such Borrower Group.

Applicable Pension Legislation: on any date, any Canadian pension legislation (whether federal, provincial or territorial) then applicable to an Obligor or any of its Subsidiaries.

Applicable Rate: as of any date of determination and with respect to Loans that bear interest at the Base Rate or LIBOR Loans, as applicable, the applicable margin set forth in the following table that corresponds to the Leverage Ratio of Obligors and their Subsidiaries for the most recently completed Fiscal Quarter; provided, that for the period from the Closing Date through and including December 31, 2020, the Applicable Rate shall be set at the margin in the row styled "Level II"; provided further, that any time an Event of Default has occurred and is continuing, the Applicable Margin shall be set at the margin in the row styled "Level I":

Level	Leverage Ratio	Applicable Margin Relative to Base Rate Loans (the "Base Rate Margin")	Applicable Margin Relative to LIBOR Loans (the "LIBOR Rate Margin")
I	Greater than 5.00:1.00	6.00 percentage points	7.00 percentage points
II	Less than or equal to 5.00:1.00	5.50 percentage points	6.50 percentage points

Except as set forth in the foregoing provisos, the Applicable Rate shall be based upon the calculation of Leverage Ratio set forth in the most recent Compliance Certificate, which will be calculated as of the end of each Fiscal Quarter. Except as set forth in the foregoing provisos, the Applicable Rate shall be re-determined quarterly on the first day of the month following the date of delivery to Agent of the calculation of Leverage Ratio in the quarterly Compliance Certificate pursuant to this Agreement; provided, that if Borrowers fail to provide such Compliance Certificate when such Compliance Certificate is due, the Applicable Rate shall be set at the margin in the row styled "Level I" as of the first day of the month following the date on which such Compliance Certificate was required to be delivered until the date on which such Compliance Certificate is delivered (on which date (but not retroactively), without constituting a waiver of any Default or Event of Default occasioned by the failure to timely deliver such Compliance Certificate, the Applicable Rate shall be set at the margin based upon the calculations disclosed by such Compliance Certificate. In the event that the



information regarding the Leverage Ratio contained in any Compliance Certificate is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate for any period (an "Applicable Period") than the Applicable Rate actually applied for such Applicable Period, then (i) Borrowers shall immediately deliver to Agent a correct Compliance Certificate for such Applicable Period, (ii) the Applicable Rate shall be determined as if the correct Applicable Rate (as set forth in the table above) were applicable for such Applicable Period, and (iii) Borrowers shall within two (2) Business Days deliver to Agent full payment in respect of the accrued additional interest as a result of such increased Applicable Rate for such Applicable Period, which payment shall be promptly applied by Agent to the affected Obligations.

**Applicable Reserve Requirement:** at any time, for any LIBOR Loan, the maximum rate, expressed as a decimal, at which reserves (including, without limitation, any basic marginal, special, supplemental, emergency, or other reserves) are required to be maintained with respect thereto against "Eurocurrency liabilities" (as such term is defined in Regulation D) under regulations issued from time to time by the Board of Governors of the Federal Reserve System or other applicable banking regulator. Without limiting the effect of the foregoing, the Applicable Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (a) any category of liabilities which includes deposits by reference to which the applicable LIBOR rate or any other interest rate of a Loan is to be determined or (b) any category of extensions of credit or other assets which include LIBOR Loans. A LIBOR Loan shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credit for proration, exceptions, or offsets that may be available from time to time to the applicable Lender. The rate of interest on LIBOR Loans shall be adjusted automatically on and as of the effective date of any change in the Applicable Reserve Requirement.

**Approved Fund:** any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, and is administered, advised, sub-advised or managed by a Lender, an entity that administers, advises, sub-advises or manages a Lender, or an Affiliate of either.

**Asset Disposition:** a sale, lease, license, consignment, transfer or other disposition of Property of a US Obligor, a Canadian Obligor or any of their respective Subsidiaries, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

**Assignment and Acceptance:** an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit A**.

**Attorney:** as defined in **Section 12.13(b)**.

**Availability:** as defined in the Revolving Loan Agreement.

**Average Availability:** as defined in the Revolving Loan Agreement.

**Bankruptcy Code:** Title 11 of the United States Code.

**Base Rate:** for any day, a per annum rate equal to the greatest of (a) the per annum rate publicly quoted from time to time by The Wall Street Journal as the "Prime Rate" in the United States (or, if The Wall Street Journal ceases quoting a prime rate of the type described, either (i) the per annum rate quoted as the base rate on such corporate loans in a different national publication as reasonably selected by Agent or (ii) the highest per annum rate of interest published by the Federal Reserve Board in Federal Reserve statistical release H.15 (519) entitled "Selected Interest Rates" as the bank prime loan rate or its equivalent), (b) the Federal Funds Effective Rate (but not less than zero) in effect on such day, plus 1/2 of 1.00%, (c) LIBOR (taking into account the 1.00% floor therein) for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day), plus 1.00%, and (d) 2.00%. Any change in the Base Rate due to a change in such Prime Rate, the Federal Funds Effective Rate or LIBOR shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or LIBOR, as the case may be.

**Benchmark Replacement:** means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by Agent and Borrowers giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to LIBOR for United States dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than 1.00%, the Benchmark Replacement shall be deemed to be 1.00% for the purposes of this Agreement.

**Benchmark Replacement Adjustment:** with respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable Interest Period, 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 Agent and Borrowers giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) 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 LIBOR with the applicable Unadjusted Benchmark Replacement for United States dollar-denominated syndicated credit facilities at such time.

**Benchmark Replacement Confirming Changes:** with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate", the definition of "Interest Period", timing and frequency of determining rates and making payments of interest and other administrative matters) that Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by Agent in a manner substantially consistent with market practice (or, if Agent decides that adoption of any portion of such market practice is not administratively feasible or if Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as Agent decides is reasonably necessary in connection with the administration of this Agreement).

**Benchmark Replacement Date:** the earlier to occur of the following events with respect to LIBOR: (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 LIBOR permanently or indefinitely ceases to provide LIBOR; or (b) in the case of clause (c) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

**Benchmark Transition Event:** the occurrence of one or more of the following events with respect to LIBOR: (a) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; (b) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the Federal Reserve System of the United States (or any successor), an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or (c) a public statement or publication of information by the regulatory

supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative.

**Benchmark Transition Start Date:** (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by Agent or the Required Lenders, as applicable, by notice to Borrowers, Agent (in the case of such notice by the Required Lenders) and the Lenders.

**Benchmark Unavailability Period:** if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement, the period (a) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBOR for all purposes hereunder in accordance with **Section 3.6.2** and (b) ending at the time that a Benchmark Replacement has replaced the LIBOR for all purposes hereunder pursuant to **Section 3.6.2**.

**Board of Governors:** the Board of Governors of the Federal Reserve System.

**Borrowed Money:** with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

**Borrower Agent:** as defined in **Section 4.4**.

**Borrower Group:** a group consisting of (a) US Borrowers and each other US Obligor and (b) Canadian Borrowers and each other Canadian Obligor and Foreign Obligor.

**Borrower Group Commitment:** with respect to the commitment of a Lender to fund Loans of a Borrower Group, the amount of the commitment of such Lender with respect to such Borrower Group as shown on **Schedule 1.1(a)** from time to time (as the same may be modified from time to time as a result of such Lender's consummation of an assignment pursuant to an Assignment and Acceptance); and the term "Borrower Group Commitments" means, with respect to any Borrower Group, the commitments hereunder of all Applicable Lenders to such Borrower Group; provided, however, that the aggregate commitment set forth thereon with respect to each of the Canadian Borrower Group Commitment and the US Borrower Group Commitment shall not be reduced or increased unless agreed to by Borrower Agent other than in connection with an exercise by Agent of its rights and remedies under the Loan Documents.

**Borrower Group Obligations:** with respect to any Obligor, the portion of the Obligations owed by such Obligor and such Obligor's Borrower Group. For the avoidance of doubt, with respect to any US Obligor, "Borrower Group Obligations" shall include Canadian Obligations guaranteed by such US Obligor.

**Borrower Materials:** Borrowing Base information, reports, financial statements and other materials delivered by Borrowers or any other Obligors hereunder, as well as other Reports and information provided by Agent to Lenders.

**Borrowers:** US Borrowers and Canadian Borrowers.

**Borrowing Base:** as defined in the Revolving Loan Agreement.

**Borrowing Base Certificate:** a certificate, in form and substance satisfactory to Revolving Agent, by which Borrowers certify to the Revolving Agent the calculation of the Borrowing Base.

**Business Day:** any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required to be closed under the laws of New York, and if such day relates to a LIBOR Loan, shall also exclude any day on which banks are not open for the transaction of banking business in London, United Kingdom.

**Canadian Benefit Plans:** all employee benefit plans, programs or arrangements of any nature or kind whatsoever that are not Canadian Pension Plans and are maintained or contributed to by, or to which there is an obligation or contingent obligation to contribute by, any Obligor or its Subsidiaries in respect of their employees or former employees in Canada.

**Canadian Borrower:** shall have the meaning ascribed to it in the recitals hereto.

**Canadian Collateral:** all of each Canadian Obligor's right, title and interest in Property of such Canadian Obligor as more fully described in the applicable Canadian Documents that now or hereafter secure the payment or performance of any of the Canadian Obligations.

**Canadian Commitment:** for any Lender, the obligation of such Lender to make any Canadian Loan hereunder. "Canadian Commitments" means the aggregate amount of such commitments of all Lenders as set forth on **Schedule 1.1(a)**.

**Canadian Designated Person:** any Person that is a "designated person", "politically exposed foreign person" or "terrorist group" or similar term or designation as described in any Canadian Economic Sanctions and Export Control Laws.

**Canadian Dollars or Cdn\$:** the lawful currency of Canada.

**Canadian Documents:** any Canadian Guaranty, the Canadian Security Agreement, the Canadian IP Security Agreement and each other Loan Document governed by the laws of Canada or a province thereof.

**Canadian Economic Sanctions and Export Control Laws:** any Canadian laws, regulations or orders governing transactions in controlled goods or technologies or dealings with countries, entities, organizations, or individuals subject to economic sanctions and similar measures, including the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), Part II.1 of the *Criminal Code* (Canada) and the *Export and Import Permits Act* (Canada), and any related regulations.

Canadian Guarantor: a Canadian Subsidiary organized under the laws of Canada or a province or territory thereof which provides a Guaranty of the Canadian Obligations.

Canadian Guaranty: each guaranty agreement executed by a Guarantor in favor of Agent with respect to the Canadian Obligations.

Canadian IDA: each of the Mustang IDA and the Med-Eng IDA.

Canadian IP Security Agreement: each of the general intellectual property security agreements executed by a Canadian Obligor in favor of Agent, as at any time amended, restated supplemented or otherwise modified.

Canadian Joinder Agreement: a joinder agreement in the form of **Exhibit E-2**.

Canadian Loans: for any Lender, the loans made by such Lender under **Section 2.1** hereof to the Canadian Borrowers.

Canadian Note: as defined in **Section 2.1.2**.

Canadian Obligations: on any date, the portion of the Obligations outstanding that are owing by a Canadian Borrower or any other Canadian Obligor.

Canadian Obligor: any of a Canadian Borrower, a Canadian Guarantor, or all of them, as the context may require.

Canadian Pension Plan: a plan, program or arrangement which is required to be registered as a pension plan under any Applicable Pension Legislation or tax statute or regulation in Canada (or any province or territory thereof) maintained or contributed to by, or to which there is an obligation or contingent obligation to contribute by, any Obligor in respect of its Canadian employees or former employees.

Canadian Security Agreements: each of the general security agreements executed by each of the Canadian Obligors in favor of Agent, as at any time amended, restated supplemented or otherwise modified.

Canadian Subsidiary: a Subsidiary formed under the laws of Canada or a province or territory thereof.

Capital Expenditures: all liabilities incurred or expenditures made by an Obligor or Subsidiary for the acquisition of fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Collateral: cash, and any interest or other income earned thereon, that is delivered to Agent in accordance with this Agreement by a Borrower Group to Cash Collateralize any Obligations of such Borrower Group.

Cash Collateralize: the delivery of cash to Agent, as security for the payment of Obligations of a Borrower Group, in an amount equal to, with respect to any inchoate, contingent or other Obligations, Agent's good faith estimate of the amount that is due or could become due, including all fees and other amounts relating to such Obligations. "Cash Collateralization" and "Cash Collateralized" have correlative meanings.

Cash Equivalents: (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the United States or Canadian government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by Bank of America, N.A. or a commercial bank organized under the laws of the United States or any state or district thereof or Canada, rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank described in clause (b); (d) commercial paper issued by Bank of America, N.A. or rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing within nine months of the date of acquisition; and (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least the Dollar Equivalent of \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*).

Change in Law: the occurrence, after the Closing Date, of (a) the adoption, taking effect or phasing in of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof; or (c) the making, issuance or application of any request, guideline, requirement, ordinance, order or directive (whether or not having the force of law) by any Governmental Authority; provided, however, that "Change in Law" shall include, regardless of the date enacted, adopted or issued, all requests, guidelines, requirements or directives (i) under or relating to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (ii) promulgated pursuant to Basel III by the Bank of International Settlements, the Basel Committee on Banking Supervision (or any similar authority) or any other Governmental Authority.

Change of Control: at any time, the earliest to occur of: (a) Holdings or Safariland ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests in each Borrower and the Canadian Obligors; (b) (i) at any time prior to a Qualifying IPO, Kanders SAF and its Controlled Investment Affiliates ceases to own and control, beneficially and of record, directly or indirectly, more than 50% of the Equity Interests in Holdings and (ii) at any time on or after a Qualifying IPO, the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act, but excluding any employee benefit plan and/or person acting as the trustee, agent or other fiduciary or administrator therefor), other than Kanders SAF (and its Controlled Investment Affiliates), the Kanders Parties and/or Affiliates of the Kanders Parties, in a single transaction or in a related series of transactions, by way of merger, amalgamation, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of the Equity Interests in Holdings representing more than 35% of the total voting power of all of the outstanding voting stock of Holdings; (c) a change in the majority of directors of Holdings during any 12 month period, unless approved by the majority of directors serving at the beginning of such period; (d) except for Permitted Asset Dispositions, the sale or transfer of all or substantially all of the assets of the Obligors, taken as a whole; or (e) for so long as the Revolving Loan Agreement is in effect, the occurrence of any "Change of Control" under and as defined in the Revolving Loan Agreement.

CIP Regulations: as defined in **Section 12.12**.

**Claims:** all claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations or replacement of Agent or any Lender) incurred by any Indemnitee or asserted against any Indemnitee by any Obligor or other Person, in any way relating to (a) any Loans, Loan Documents, Borrower Materials, or the use thereof or transactions relating thereto, (b) any action taken or omitted in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

**Closing Date:** as defined in **Section 6.1**.

**Code:** the Internal Revenue Code of 1986, as amended from time to time.

**Collateral:** all Property described in **Section 7.1**, all Property, including US Collateral and Canadian Collateral, described in any Security Documents or any Canadian Documents as security for any Obligations, and all other Property that now or hereafter secures (or is intended to secure) any Obligations.

**Commitment:** with respect to any Borrower Group, the US Commitments and/or the Canadian Commitments, as the context may require, including any Delayed Draw Loans hereunder, up to the principal amount shown on **Schedule 1.1(a)**, as the same may be increased pursuant to Section 2.2. "**Commitments**" means the aggregate amount of such commitments of all Lenders.

**Compliance Certificate:** a certificate, in the form of **Exhibit C** and otherwise in form and substance satisfactory to Agent, by which Borrowers certify compliance with **Section 10.3**.

**Connection Income Taxes:** Other Connection Taxes that are imposed on or measured by net income (however denominated), or are franchise or branch profits Taxes.

**Contingent Obligation:** any obligation of a Person arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation ("**primary obligations**") of another obligor ("**primary obligor**") in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

**Controlled Investment Affiliate:** as to any person, any other person which directly or indirectly is in Control of, is Controlled by, or is under common Control with such person and is organized by such person (or any person Controlling such person) primarily for making equity or debt investments in Holdings or its direct or indirect parent company or other portfolio companies of such person.

**Copyright Security Agreement:** collectively, that certain Copyright Security Agreement dated on or about the Closing Date between the applicable Obligors and Agent, as at any time amended, restated supplemented or otherwise modified and any other Copyright Security Agreement executed and delivered on or after the Closing Date by any Obligor to Agent, as at any time amended, restated supplemented or otherwise modified.

**Creditor Representative:** under any Applicable Law, a receiver, interim receiver, receiver and manager, trustee (including any trustee in bankruptcy), custodian, administrator, examiner, sheriff, monitor, assignee, liquidator, provisional liquidator, sequestrator or similar officer or fiduciary.

**CWA:** the Clean Water Act (33 U.S.C. §§ 1251 *et seq.*).

**Debt:** as applied to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Leases, but excluding (i) Royalties, trade payables and accrued expenses incurred and being paid in the Ordinary Course of Business and reserves probable and estimable in the Ordinary Course of Business and (ii) any preferred stock issued by such Person that is not convertible into Debt; (b) all Contingent Obligations to the extent that such Contingent Obligations would be included as liabilities on a balance sheet in accordance with GAAP, but excluding Contingent Obligations in respect of the matters set forth in items (i) and (ii) of clause (a) above; (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of an Obligor, the Borrower Group Obligations of such Obligor; provided, however, that (y) warranty return and product liability reserves in the Ordinary Course of Business and (z) debt incurred in connection with the financing of insurance premiums incurred in the Ordinary Course of Business to the extent that the principal amount does not exceed the Dollar Equivalent of \$8,000,000 in any twelve-month period, shall not constitute Debt. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

**Default:** an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

**Default Rate:** a rate equal to the Applicable Rate plus 2.00% per annum (including, to the extent permitted by law, interest not paid when due).

**Defense Technology:** Defense Technology, LLC, a Delaware limited liability company.

**Delayed Draw Closing Date:** as defined in **Section 6.1**.

**Delayed Draw Commitment:** the obligation of such Lender to make any Delayed Draw US Loan hereunder, up to the principal amount shown on **Schedule 1.1(a)**

**Delayed Draw US Loan:** for any Lender, the delayed draw term loans made by such Lender under **Section 2.1**.

**Delayed Draw Termination Date:** November 17, 2021 or such earlier date specified by the Borrower Agent pursuant to written notice to the Agent at least two

Business Days prior to the effective date thereunder.

Deposit Account: as defined in the UCC.

Deposit Account Control Agreements: the Deposit Account control agreements executed or to be executed by each institution maintaining a Deposit Account for a US Obligor or Canadian Obligor, in favor of Agent, as security for the Borrower Group Obligations of such Obligor.

Designated Jurisdiction: a country or territory that is the subject of a Sanction.

Distribution: any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt (other than the Revolving Debt, Debt repaid in connection with the Holdings IDA, each Canadian IDA and the UK IDA, and Debt of the type permitted by **Section 10.2.1(t)**, repayments of which shall be governed by **Section 10.2.8**) to a holder of Equity Interests (other than advances or distributions to officers or employees otherwise permitted under this Agreement); or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

Dollar Equivalent: on any date, with respect to any amount denominated in Dollars, such amount in Dollars, and with respect to any stated amount in currency other than Dollars, the amount of Dollars that Agent determines (which determination shall be conclusive and binding absent manifest error) would be necessary to be sold on such date at the applicable Spot Rate to obtain the stated amount of the other currency.

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Dollars or \$: lawful money of the United States.

Domestic Subsidiary: a Subsidiary of Holdings that is incorporated under the laws of a state of the United States or the District of Columbia.

Dominion Account: a special account established by Borrowers of each Borrower Group at Bank of America, N.A. or its branches over which Agent has exclusive control for withdrawal purposes.

Dutch CV Holdco: TSG International Holdings C.V., a limited partnership (or commanditaire vennootschap) under the laws of the Netherlands.

Early Opt-in Election: the occurrence of: (a) (i) a determination by Agent or (ii) a notification by the Required Lenders to Agent (with a copy to Borrowers) that the Required Lenders have determined that United States dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in **Section 3.6.2** are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR, and (b) (i) the election by Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election has occurred and the provision, as applicable, by Agent of written notice of such election to Borrowers and the Lenders or by the Required Lenders of written notice of such election to Agent and Borrowers.

EBITDA: determined on a consolidated basis for Obligors and Subsidiaries, net income, calculated before (a) interest expense, (b) provision for income and franchise taxes, (c) depreciation and amortization expense, (d) gains or losses arising from the sale of capital assets, (e) net gains arising from the write-up of assets, (f) any net extraordinary gains (after deducting any extraordinary losses), (g) non-cash compensation to officers, directors and employees paid in the form of Equity Interests to the extent permitted by **Section 10.2.17**, (h) non-cash facilities relocation costs, fees, expenses or charges relating to non-recurring plant shutdowns and discontinuance of operations and acquisition integration costs and fees, but only to the extent constituting Permitted Pro Forma Adjustments; (i) cash facilities relocation costs, fees, expenses or charges relating to non-recurring plant shutdowns and discontinuance of operations and acquisition integration costs and fees, but only to the extent constituting Permitted Pro Forma Adjustments; provided, however, that the amount added back pursuant to this clause (i) shall not in any period exceed 15% of EBITDA for any period, (j) any non-cash write-offs, write-downs or other non-cash charges of assets not constituting Term Loan Priority Collateral (excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period), (k) the effect on earnings of any write-ups or write-downs of Inventory following the closing of the Transactions or any Permitted Acquisition, in each case as a result of purchase accounting, in an aggregate amount not to exceed the Dollar Equivalent of \$5,000,000 for any single Permitted Acquisition, (l) the amount of (i) any reserve or accrual for, or (ii) any payments on account of, any acquisition-related earn-outs, contingent consideration or deferred purchase price of any kind in connection with Permitted Acquisitions (provided that any such amounts payable in cash constitute Subordinated Debt and any such payments which are made in cash may only be added back if permitted pursuant to **Section 10.2.8**), in an amount not to exceed the Dollar Equivalent of \$6,000,000 for any single Permitted Acquisition and in an amount not to exceed the Dollar Equivalent of \$15,000,000 for all Permitted Acquisitions made during the term of this Agreement, (m) any costs or expenses incurred by Obligors and their Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or stockholders agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Obligors or Net Cash Proceeds of the issuance of Equity Interests of the Obligors concurrently with, or within ten (10) days of, the incurrence of such costs or expenses, (n) any costs or expenses incurred by Obligors to the extent either (i) cash reimbursement is received therefore from another Person within the same period in which the cost or expense is incurred or (ii) the costs or expenses are indemnified by, or reimbursable from a third party (provided, however, that if such costs or expenses are not reimbursed within 60 days of the end of the applicable measurement period, then such costs and expenses shall not be added back), (o) costs and expenses incurred in connection with the Transactions, and (p) any non-cash losses or non-cash gains with respect to exchange rates or expenses or charges (or gains) relating to currency valuation of foreign denominated debt, in each of clauses (a) through (p), to the extent included in determining net income.

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Eligible Assignee: a Person that is (a) a Lender, Affiliate of a Lender or Approved Fund; (b) any other financial institution approved by Borrower Agent (which approval shall not be unreasonably withheld, conditioned or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment) and Agent (which approval shall not be unreasonably withheld, conditioned or delayed), which extends loans of this type in its ordinary course of business; and (c) if an Event of Default exists, any Person acceptable to Agent in its discretion.

Enforcement Action: any action to enforce any Obligations or Loan Documents or to exercise any rights or remedies relating to any Collateral (whether by judicial action, self-help, notification of Account Debtors, exercise of setoff or recoupment, exercise of any right to act in an Obligor's Insolvency Proceeding or to credit bid Obligations, or otherwise).

Environmental Agreement: each agreement of Obligors with respect to any Real Estate subject to a Mortgage, pursuant to which Obligors agree to indemnify and hold harmless Agent and Lenders from liability under any Environmental Laws.

Environmental Laws: all Applicable Laws (including all programs, permits and guidance promulgated by regulatory agencies), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA or similar foreign Governmental Authority) or the protection or pollution of the environment, including CERCLA, RCRA and CWA.

Environmental Notice: a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with,

investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

Environmental Release: a release as defined in CERCLA or under any other Environmental Law.

Equity Interest: the interest of any (a) shareholder in a corporation; (b) partner in a partnership (whether general, limited, limited liability or joint venture); (c) member in a limited liability company or unlimited liability company; or (d) other Person having any other form of equity security or ownership interest.

ERISA: the Employee Retirement Income Security Act of 1974.

ERISA Affiliate: any trade or business (whether or not incorporated) under common control with an Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code). ERISA Event: (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Obligor or ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Obligor or ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) the determination that any Pension Plan or Multiemployer Plan is considered an at risk plan or a plan in critical or endangered status under the Code, ERISA or the Pension Protection Act of 2006; (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or ERISA Affiliate; or (h) failure by an Obligor or ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or to make a required contribution to a Multiemployer Plan.

ERP Operating Expenses: any non-capitalized costs and expenses relating to the implementation of the Obligors' new enterprise resource planning system.

Event of Default: as defined in **Section 11**.

Excess Cash Flow: with respect to any Fiscal Year of the Obligors, an amount equal to (a) EBITDA for such period minus (b) Capital Expenditures for such periods to the extent permitted hereunder and not financed with Debt minus (c) any scheduled or other mandatory cash principal payment (other than mandatory payments made pursuant to **Section 5.2.1(e)**) made during such period on any Capital Lease obligation or other Debt (but only, if such Debt may be reborrowed, to the extent such payment results in a permanent reduction in commitments thereof) minus (d) interest expense (excluding any interest expense associated with intercompany indebtedness) for such period to the extent actually paid in cash minus (e) all Upstream Payments made in such period to the extent permitted hereunder minus (f) all Permitted Distributions made in such period minus (g) taxes paid in cash during such period to the extent permitted hereunder minus (h) cash payments made during such period constituting all or part of any earn-out payment in respect of a Permitted Acquisition minus (i) the cash portion of the consideration for Permitted Acquisitions paid in such Fiscal Year (or, with respect to any Permitted Acquisition of a Target with positive EBITDA as of the trailing twelve month period most recently ended, committed in writing to be paid and actually paid during the Fiscal Year immediately succeeding such Fiscal Year), in each case to the extent not financed with Indebtedness (other than Revolving Loans) or equity contributions minus (j) subject to Required Lenders' reasonable approval, the amount of any litigation settlement payments made in cash during such period minus (k) the amount of Permitted Restructuring Charges during such period that are paid or accrued for such periods.

Excess Cash Flow Prepayment Date: as defined in **Section 5.2.1(e)**.

Exchange Act: the Securities Exchange Act of 1934 and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder.

Excluded Collateral: (a) [reserved], (b) any intent-to-use U.S. trademark application for which an amendment to allege use or statement of use has not been filed and accepted by the United States Patent and Trademark Office and that would otherwise be deemed invalidated, cancelled or abandoned due to the grant of a Lien thereon (provided that such intent-to-use application shall be considered Collateral immediately and automatically upon such filing and acceptance), (c) any rights or interest in any contract, lease, permit, license, charter or license agreement covering real or personal property of any Obligor if under the terms of such contract, lease, permit, license, charter or license agreement, or applicable law with respect thereto, the grant of a Lien therein is prohibited as a matter of law or under the terms of such contract, lease, permit, license, charter or license agreement and such prohibition has not been waived or the consent of the other party to such contract, lease, permit, license, charter or license agreement has not been obtained (provided, that, the foregoing exclusions of this clause (c) shall in no way be construed (i) to apply to the extent that any described prohibition is unenforceable under Sections 9-406, 9-407, 9-408 or 9-409 of the UCC, under the PPSA or other applicable law, (ii) to limit, impair or otherwise affect Agent's continuing security interest in and Liens upon any rights or interests of any Obligor in or to (A) monies due or to become due under any such contract, lease, permit, license, charter or license agreement (including any Accounts) or (B) any proceeds from the sale, license, lease or other disposition of any such contract, lease, permit, license, charter or license agreement, or (iii) to apply to the extent that any consent or waiver has been obtained that would permit Agent's Lien notwithstanding the prohibition; and provided, further that unless and until such time as any such consent is obtained, such Obligor shall hold its interest in such contract, lease, permit, license, charter or license agreement in trust for Agent unless the creation of such trust would constitute a breach of such contract, lease, permit, license, charter or license agreement), and (d) any Property located outside of the United States or Canada that is acquired or held by Horsepower, solely in its capacity as nominee or trustee (or any similar or comparable relationship) for Dutch CV Holdco or any New Foreign Holdco in Horsepower's capacity as general or managing partner of Dutch CV Holdco or such other New Foreign Holdco pursuant to the Organic Documents of Dutch CV Holdco or such other New Foreign Holdco.

Excluded Swap Obligation: with respect to any Obligor, each Swap Obligation as to which, and only to the extent that, Obligor's guaranty of or grant of a Lien as security for such Swap Obligation is or becomes illegal under the Commodity Exchange Act because such Obligor does not constitute an "eligible contract participant" as defined in the act (determined after giving effect to Section 5.11 and any other keepwell, support or other agreement for the benefit of such Obligor, and all guarantees of Swap Obligations by other Obligors) when such guaranty or grant of Lien becomes effective with respect to the Swap Obligation. If a Hedging Agreement governs more than one Swap Obligation, only the Swap Obligation(s) or portions thereof described in the foregoing sentence shall be Excluded Swap Obligation(s).

Excluded Tax: with respect to a Recipient, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located; (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which Borrower Agent is located; (c) any backup withholding tax required by the Code to be withheld from amounts payable to a Recipient that has failed to comply with **Section 5.10**; (d) in the case of a Foreign Lender, any United States withholding tax that is (i) required pursuant to laws in force at the time such Lender becomes a Lender (or designates a new Lending Office) hereunder, or (ii) attributable to such Lender's failure or inability (other than as a result of a Change in Law) to comply with **Section 5.10**, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to

receive additional amounts from Borrowers with respect to such withholding tax; (e) taxes imposed on it pursuant to FATCA; and (f) taxes constituting Other Connection Taxes. In no event shall "Excluded Tax" include any withholding Tax imposed on amounts paid by or on behalf of a Foreign Obligor to a Recipient that has complied with **Section 5.10.2**.

**Extraordinary Expenses:** all costs, expenses or advances that Agent may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents or Obligations, including any lender liability or other Claims; (c) the exercise, protection or enforcement of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action and (f) negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations. Such costs, expenses and advances include transfer fees, Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

**Extraordinary Receipt:** any cash received by or paid to or for the account of any Person not in the Ordinary Course of Business, including pension plan reversions, proceeds of insurance (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings), condemnation awards (and payments in lieu thereof) and indemnity payments; provided, however, that an Extraordinary Receipt shall not include (a) any proceeds of an Acquisition Policy to the extent such proceeds are not directly attributable to the loss of value (dollar for dollar) in any tangible assets that were contemplated to be transferred under the Permitted Acquisition relating to such Acquisition Policy and are used to pay for and remedy the underlying circumstances that resulted in any breach of a representation or warranty by such seller(s) in such Permitted Acquisition and/or remediate and correct matters relating thereto, (b) purchase price adjustments or (c) indemnity payments to the extent that payments are received by any Person in respect of any third party claim against such Person and applied to pay (or to reimburse such Person for its prior payment of) such claim and the costs and expenses of such Person with respect thereto.

**FATCA:** Sections 1471 through 1474 of the Code (including any amended or successor version if substantively comparable and not materially more onerous to comply with), and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

**Federal Funds Rate:** (a) the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business Day; or (b) if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by Agent; provided, that in no event shall the Federal Funds Rate be less than zero.

**Fiscal Quarter:** each period of three months, commencing on the first day of each of January, April, July or October of each Fiscal Year.

**Fiscal Year:** the fiscal year of Obligors and Subsidiaries for accounting and tax purposes, ending on December 31st of each year.

**Fixed Charge Coverage Ratio:** the ratio, determined on a consolidated basis for Obligors and Subsidiaries for the applicable period, of (a) the sum of EBITDA for such period minus, without duplication, each of Capital Expenditures for such period (except those financed with Borrowed Money other than the Loans), cash income taxes paid during such period, cash franchise taxes paid during such period and Distributions made during such period, to (b) Fixed Charges.

**Fixed Charges:** the sum of cash interest paid and the amount of scheduled principal payments made on Borrowed Money.

**FLSA:** the Fair Labor Standards Act of 1938.

**Foreign Lender:** with respect to a Borrower Group consisting of US Obligors, a Lender to such Borrower Group that is organized under the laws of a jurisdiction other than the laws of the United States, or any state or district thereof.

**Foreign Obligor:** any Foreign Subsidiary, or all of them, as the context may require, that is liable for payment of any Canadian Obligations or that has granted a Lien in favor of Agent on its assets to secure any Canadian Obligations and that is not a Canadian Obligor.

**Foreign Plan:** any employee benefit plan or arrangement (a) maintained or contributed to by any Obligor or Subsidiary that is not subject to the laws of the United States or Canada; or (b) mandated by a government other than the United States or Canada (or any political subdivision thereof) for employees of any Obligor or Subsidiary.

**Foreign Restructuring Transaction:** any of the following transactions: (a) the formation of one or more New Foreign Holdcos by Holdings or its Subsidiaries; (b) Permitted Note Transfers; (c) the capital contribution by an Obligor or a Non-Obligor Subsidiary to a New Foreign Holdco of one or more Canadian Subsidiaries or Foreign Subsidiaries; or (d) the capital contribution by a New Foreign Holdco to another New Foreign Holdco of one or more Canadian Subsidiaries or Foreign Subsidiaries.

**Foreign Subsidiary:** any Subsidiary of Holdings that is not a Domestic Subsidiary.

**Full Payment:** with respect to any Obligations, (a) the full and indefeasible cash payment thereof, including any interest, fees, premiums (including the Prepayment Premium) and other charges (including those accruing during an Insolvency Proceeding (whether or not allowed in the proceeding)); and (b) if such Obligations are inchoate or contingent in nature, Cash Collateralization thereof (or delivery of a standby letter of credit acceptable to Agent in its discretion, in the amount of required Cash Collateral). No Loans shall be deemed to have been paid in full until all Commitments related to such Loans have expired or been terminated.

**Funded Debt:** Debt of the Borrowers and their Subsidiaries on a consolidated basis determined in accordance with GAAP.

**GAAP:** generally accepted accounting principles in effect in the United States from time to time.

**GH Armor:** GH Armor Systems Inc., a Delaware corporation.

**Global Sourcing:** as defined in the preamble to this Agreement.

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, provincial, territorial, municipal, local, foreign or other governmental department, agency, authority, body, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for any governmental, judicial, investigative, regulatory or self-regulatory authority (including the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or European Central Bank).

Guarantor Payment: as defined in **Section 5.11.3**.

Guarantor Security Agreement: each security agreement executed by a Guarantor in favor of Agent, as the same may be amended, amended and restated, or modified from time to time.

Guarantors: each Person who guarantees payment or performance of any Obligations or any portion thereof.

Guaranty: each guaranty agreement executed by a Guarantor in favor of Agent.

Guggenheim: Guggenheim Credit Services, LLC.

Gun Control Laws: all present and future federal, state, provincial, municipal, local and foreign laws, rules, regulations, judgments, orders and ordinances, including the Gun Control Act, that in any manner regulate the production, sale, distribution or possession of any firearms, ammunition or related products manufactured, held for sale or sold by a Borrower or Guarantor.

Hedging Agreement: any "swap agreement" as defined in Section 101(53B)(A) of the Bankruptcy Code.

Holdings: as defined in the preamble to this Agreement.

Holdings IDA: the loan from Holdings to Safariland in the amount of \$79,596,000 pursuant to an intercompany debt agreement dated as of September 20, 2013.

Horsepower: as defined in the preamble to this Agreement.

Increased Amount Date: as defined in **Section 2.2**.

Incremental Increase: as defined in **Section 2.2**.

Incremental Joinder Agreement: a joinder agreement, by and among the Borrowers, Agent and the New Term Loan Lenders, in the form of **Exhibit F** and otherwise in form and substance satisfactory to Agent.

Incremental Start Date: as defined in **Section 2.2**.

Indemnified Taxes: Taxes other than Excluded Taxes.

Indemnitees: Agent Indemnitees and Lender Indemnitees.

Initial Obligors: Holdings, Safariland and Global Sourcing.

Insolvency Proceeding: any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada); (b) the appointment of a Creditor Representative for such Person or any part of its Property; (c) an assignment or trust mortgage for the benefit of creditors; or (d) the liquidation, dissolution or winding up of the affairs of such Person.

Intellectual Property: all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Intellectual Property Claim: any claim or assertion (whether in writing, by suit or otherwise) that a Borrower's or Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

Intercreditor Agreement: that certain Intercreditor Agreement dated as of the Closing Date by and between Revolving Agent and Agent, as amended, restated, supplemented or otherwise modified from time to time in accordance therewith.

Interest Payment Date: (a) as to any LIBOR Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date and (b) as to any Loan bearing interest at the Base Rate, the last Business Day of each month and the Maturity Date.

Interest Period: as defined in **Section 3.1.1**.

Inventory: as defined in the UCC (or, with respect to Inventory of a Canadian Obligor, as defined in the PPSA), including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in an Obligor's business (but excluding Equipment).

Investment: an Acquisition; an acquisition of record or beneficial ownership of any Equity Interests of a Person; or an advance or capital contribution to or



other investment in a Person.

IP Assignment: a collateral assignment or security agreement pursuant to which an Obligor assigns or grants a security interest in its interests in patents, trademarks or other intellectual property to Agent, as security for the Obligations.

IRS: the United States Internal Revenue Service.

Kanders Parties: Warren B. Kanders, members of the family of Warren B. Kanders, and trusts established for Warren B. Kanders and/or members of his family.

Kanders SAE: Kanders SAF, LLC, a Delaware limited liability company.

Lawmen's: Lawmen's Distribution, LLC, a Delaware limited liability company.

Lender Indemnites: Lenders and their officers, directors, employees, Affiliates, branches, agents and attorneys.

Lender Representative: as defined in **Section 10.1.1**.

Lenders: as defined in the preamble to this Agreement and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance, including any Lending Office of the foregoing.

Lending Office: as to any Lender, the office (including any domestic or foreign Affiliate or branch) designated as such by such Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and Borrower Agent.

Leverage Ratio: means, as of any date of determination, the ratio of (a) Funded Debt as of such date to (b) EBITDA for the period of the four Fiscal Quarters most recently ended.

LIBOR: for any interest period for a LIBOR Loan, the greater of (a) the rate per annum obtained by dividing (and rounding upward to the next whole multiple of 1/100 of 1%) (i) (A) the rate per annum (rounded to the nearest 1/100 of 1%) equal to the rate determined by Administrative Agent to be the offered rate appearing on Bloomberg L.P.'s service for ICE LIBO USD (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date or (B) in the event the rate referenced in the preceding clause (a) does not appear on such page or service or if such page or service shall cease to be available, the rate per annum (rounded to the nearest 1/100 of 1%) equal to the rate determined by Agent to be the offered rate on such other page or other service which displays ICE LIBO USD (for delivery on the first day of such period) with a term equivalent to such period in Dollars, determined as of approximately 11:00 a.m. (London, England time) on such Interest Rate Determination Date, by (ii) an amount equal to (A) one, *minus* (B) the Applicable Reserve Requirement, and (b) 1.00% per annum.

LIBOR Loan: a Loan that bears interest at a rate based on LIBOR.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: any Person's interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including any lien, security interest, security transfer, security assignment, pledge, hypothecation, secured claim, trust (statutory, deemed, constructive or otherwise), reservation, encroachment, easement, right-of-way, covenant, condition, restriction, leases, or other title exception or encumbrance.

Lien Waiver: an agreement, in form and substance satisfactory to Required Lenders, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent (or its designee) to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral subject to Intellectual Property rights of a Licensor that impairs Agent's right to dispose of the Collateral with the benefit of the Intellectual Property, the Licensor grants to Agent the right, vis-à-vis such Licensor, to enforce Agent's rights to dispose of such Collateral.

Loans: the Canadian Loans and the US Loans made by the Lenders hereunder, including any Delayed Draw Loans made on any Delayed Draw Closing Date, made by any such Lender under **Section 2.1** hereof to the Borrowers and any New Term Loans.

Loan Documents: this Agreement, Other Agreements, Security Documents and the Canadian Documents.

Loan Year: each 12 month period commencing on the Closing Date and on each anniversary of the Closing Date.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, operations, Properties or condition (financial or otherwise) of the Obligors, taken as a whole, on the value of the Collateral, taken as a whole, on the enforceability of any Loan Documents, or on the validity or priority of Agent's Liens on any Collateral (it being understood that neither the creation or existence of a Permitted Lien shall constitute a Material Adverse Effect); (b) materially impairs the ability of an Obligor to perform its obligations under the Loan Documents, including repayment of any Obligations; or (c) otherwise materially impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon the Collateral.

Material Contract: any agreement or arrangement to which a Borrower or Subsidiary is party (other than the Loan Documents and the Revolving Debt

Documents) (a) for which breach, termination, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect; or (b) that relates to Subordinated Debt (other than Subordinated Debt referenced in clause (l) of the definition of EBITDA), or to Borrowed Money in an aggregate amount of the Dollar Equivalent of \$2,500,000 or more.

Maturity Date: May 17, 2026.

Maximum Revolving Facility Amount: \$50,000,000.

Med-Eng IDA: the loan from Safariland to Dutch CV Holdco in the original principal amount not to exceed \$11,500,000 pursuant to an intercompany debt agreement dated on or about May 1, 2017.

Moody's: Moody's Investors Service, Inc., and its successors.

Mortgage: a mortgage, deed of trust or deed to secure debt in which an Obligor grants a Lien on its Real Estate to Agent, as security for the Obligations.

Multiemployer Plan: any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Obligor or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

Mustang IDA: the loan from Safariland to Dutch CV Holdco in the original principal amount not to exceed \$10,200,000 pursuant to an intercompany debt agreement dated on or about May 1, 2017.

Mustang Purchase Agreement: that certain Share Purchase Agreement, dated as of May 20, 2019, among Safariland, The Safariland Group Nederland B.V., a Netherlands limited liability company, and Mustang Purchaser.

Mustang Purchaser: Wing Inflatables, Inc., a Delaware corporation, and/or one or more Affiliates thereof.

Net Proceeds: with respect to an Asset Disposition, issuance of Debt, issuance of Equity Interests or Extraordinary Receipts, proceeds (including, when received, any deferred or escrowed payments) received by an Obligor or Subsidiary in cash from such disposition, net of (a) reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b) amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c) transfer or similar taxes; and (d) reserves for indemnities, until such reserves are no longer needed.

New Foreign Holdcos: one or more Non-Obligor Subsidiaries that are organized under the laws of the Netherlands (or such other jurisdiction of formation reasonably acceptable to the Required Lenders) and formed after the Closing Date.

New Term Loan: as defined in **Section 2.2**.

New Term Loan Commitments: as defined in **Section 2.2**.

New Term Loan Lender: as defined in **Section 2.2**.

Non-Obligor Subsidiaries: has the meaning given such term in **Section 10.1.9(d)**.

Non-Term Loan Priority Collateral: Collateral that is not Term Loan Priority Collateral.

Note: any US Note or any Canadian Note.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Borrower Agent to request a conversion or continuation of any Loans as LIBOR Loans, substantially in the form of Exhibit G attached hereto or otherwise in form satisfactory to Agent.

Obligation Currency: as defined in **Section 14.21**.

Obligations: all (a) principal of and premium on the Loans, (b) interest, expenses, fees, indemnification obligations, Extraordinary Expenses and other amounts payable by Obligors under Loan Documents, (c) the Prepayment Premium and (d) other Debts, obligations and liabilities of any kind owing by Obligors pursuant to the Loan Documents, and with respect to each of (a), (b), (c), and (d), whether now existing or hereafter arising, whether evidenced by a note or other writing, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several (and including all interest, fees, premiums (including the Prepayment Premium) and expenses (including Extraordinary Expenses) that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding); provided, that Obligations of an Obligor shall not include its Excluded Swap Obligations.

Obligor: a US Obligor, a Canadian Obligor, a Foreign Obligor or any other Person that is at any time liable for the payment of the whole or any part of the Obligations or that has granted a Lien in favor of Agent on its assets to secure payment of any of the Obligations.

OFAC: Office of Foreign Assets Control of the U.S. Treasury Department.

Ordinary Course of Business: the ordinary course of business of any Obligor or Subsidiary, consistent with past practices and undertaken in good faith.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each Lien Waiver, the Agent Fee Letter, each Note, the Intercreditor Agreement, Real Estate Related Documents, Compliance Certificate,

Borrower Materials, or other note, document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto.

**Other Connection Taxes:** Taxes imposed on a Recipient due to a present or former connection between it and the taxing jurisdiction (other than connections arising from the Recipient having executed, delivered, become party to, performed obligations or received payments under, received or perfected a Lien or engaged in any other transaction pursuant to, enforced, or sold or assigned an interest in, any Loan or Loan Document).

**Other Taxes:** all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a Lien under, or otherwise with respect to, any Loan Document, except Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 13.4(c)**).

**Participant:** as defined in **Section 13.2**.

**Patent Security Agreement:** collectively, that certain Patent Security Agreement dated on or about the Closing Date between the applicable Obligors and Agent, as at any time amended, restated supplemented or otherwise modified and any other Patent Security Agreement executed and delivered after the Closing Date by any Obligor to Agent, as at any time amended, restated supplemented or otherwise modified.

**PATRIOT Act:** the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

**Payment Item:** each check, draft or other item of payment payable to an Obligor, including those constituting proceeds of any Collateral.

**PBGC:** the Pension Benefit Guaranty Corporation.

**Pension Funding Rules:** Code and ERISA rules regarding minimum required contributions (including installment payments) to Pension Plans set forth in, for plan years ending prior to the Pension Protection Act of 2006 effective date, Section 412 of the Code and Section 302 of ERISA, both as in effect prior to such act, and thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

**Pension Plan:** any employee pension benefit plan (as defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Obligor or ERISA Affiliate or to which the Obligor or ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the preceding five plan years. For the avoidance of doubt, a Pension Plan does not include a Canadian Pension Plan or a Canadian Benefit Plan.

**Permitted Acquisition:** any Acquisition in the same or a similar line of business to that conducted by the Borrowers or in a line of business reasonably similar, ancillary, related or complementary thereto or a line of business that is a reasonable extension, development or expansion thereof (the "**Target**") so long as: (a) Obligors provide Agent notice of the proposed Acquisition, copies of all material agreements and pro forma and historical financial statements and other available information and documents relating to the proposed Acquisition as Required Lenders may reasonably request, at least 7 days prior to the date of the consummation of the proposed Acquisition; (b) the following conditions are satisfied: (i) no Default or Event of Default has occurred or would result from such Acquisition, (ii) Average Availability for the 60 day period immediately preceding such Acquisition calculated on a pro forma basis assuming such Acquisition occurred on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such Acquisition) shall be greater than or equal to the greater of (A) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$6,500,000, (iii) (1) Availability, on the date of such Acquisition, immediately after giving effect to the consummation of such Acquisition (including any Revolving Loans made under the Revolving Loan Agreement to finance such Acquisition) shall be greater than or equal to the greater of (A) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$6,500,000, and (2) the Borrowers shall not utilize Revolving Loans to consummate such Acquisition if the Leverage Ratio, both immediately before and after giving effect to such Acquisition, is equal to or greater than the Subject Leverage Ratio as of such date, (iv) Obligors provide Agent evidence that after giving effect to the consummation of such Acquisition, Obligors, on a consolidated basis, shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, (v) after giving effect to the consummation of such Acquisition, the Leverage Ratio of the Obligors, on a consolidated basis, immediately after giving effect to such Acquisition, is less than or equal to the Subject Leverage Ratio as of such date; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, (vi) no Obligor will be rendered not Solvent by such Acquisition; (c) such Acquisition does not involve a "hostile" takeover or tender offer and shall have been approved by the Target's board of directors (or equivalent governing body); (d) a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters delivers to Agent a certificate certifying that the conditions set forth in clause (b) above are satisfied; (e) no Obligor shall, as a result of or in connection with any such Acquisition assume, or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation or other matters) that could reasonably be expected to have a Material Adverse Effect, (f) all material approvals from Governmental Authorities and other material approvals of third parties in connection with such Acquisition shall have been obtained and shall be in full force and effect, (g) in connection with an Acquisition of the Equity Interests in any Target, all Liens on Property of such Target or Debt of such Target shall be terminated unless permitted pursuant to the Loan Documents, and in connection with an Acquisition of the assets of any Target, all Liens on such assets shall be terminated or repaid, as applicable, unless permitted pursuant to the Loan Documents, (h) if the Target will become a Subsidiary of an Obligor in connection with such acquisition, Obligors and the Target shall cause the Target to take such actions as necessary to comply with the applicable provisions of **Section 10.1.9**, and (i) in connection with Acquisitions of Targets located outside of the United States, the aggregate consideration (including, without limitation, equity consideration, earn out obligations, deferred compensation, non-competition arrangements and the amount of Debt and other liabilities incurred or assumed by the Obligors and their Subsidiaries) paid by Obligors and their Subsidiaries for all such Acquisitions made during the term of this Agreement shall not exceed the Dollar Equivalent of \$50,000,000.

**Permitted Asset Disposition:** an Asset Disposition that is (a) so long as all Net Proceeds are remitted to Agent (or, to the extent constituting ABL Priority Collateral (as defined in the Intercreditor Agreement) to Revolving Agent or as otherwise provided in the Intercreditor Agreement) during any Trigger Period, (i) a sale of Inventory in the Ordinary Course of Business; (ii) a disposition of Inventory that is obsolete, unmerchantable or otherwise unsalable in the Ordinary Course of Business; (iii) termination of a lease of real or personal Property (other than with respect to that certain lease related to property located at Verde Alamar, Building #3 Tijuana, BC, Mexico) that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default; (iv) an assignment, license, sublicense, lease and sublease of Intellectual Property of Obligors and their Subsidiaries in the Ordinary Course of Business and, while an Event of Default exists, that is acceptable to Required Lenders; (v) sales of Inventory from an Obligor or a Subsidiary of an Obligor to a US Borrower or Canadian Obligor for fair value in the Ordinary Course of Business; (vi) the subcontracting or assignment of manufacturing or other production rights under customer contracts to an Obligor or Subsidiary for purposes relating to the manufacture, production or delivery of Inventory; or (vii) the transfer or assignment of customer or Obligor information, data, know how, tooling, materials or Inventory required in connection with performing the agreements set forth in clause (a)(vi) above; (b) so long as no Default or Event of Default exists and

all Net Proceeds are remitted to Agent (or, to the extent constituting ABL Priority Collateral (as defined in the Intercreditor Agreement) to Revolving Agent or as otherwise provided in the Intercreditor Agreement) during any Trigger Period, (i) a disposition of Equipment that, in the aggregate during any 12 month period, has a fair market or book value (whichever is more) of the Dollar Equivalent of \$2,000,000 or less; (ii) a lease or sublease of Real Estate not constituting Debt and not constituting a sale and leaseback transaction; (iii) dispositions not otherwise permitted by clause (a)(i)-(iv) and (b)(i)-(iii) of assets not constituting Term Loan Priority Collateral the fair market value of which does not exceed the Dollar Equivalent of \$15,000,000 in the aggregate during any 12 month period; or (iv) approved in writing by Agent and Required Lenders; (c) a sale or transfer by a US Obligor of all or a portion of its assets to another US Obligor; (d) a sale or transfer by a Canadian Obligor of all or a portion of its assets to another Canadian Obligor; (e) a sale or transfer by a Non-Obligor Subsidiary of all or a portion of its assets to another Non-Obligor Subsidiary or an Obligor; (f) a sale or transfer by a Foreign Obligor of all or a portion of its assets to another Foreign Obligor, a Canadian Obligor or a US Obligor; or (g) the sale of Equipment by a US Obligor to a Canadian Obligor or by a Canadian Obligor to a US Obligor.

**Permitted Contingent Obligations:** Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favor of purchasers in connection with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) in an aggregate amount of the Dollar Equivalent of \$7,500,000 or less at any time.

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**Permitted Distributions:** (a) any Distribution made by a Non-Obligor Subsidiary to another Non-Obligor Subsidiary or an Obligor; (b) any Distribution made by a Foreign Obligor to another Obligor; (c) any Distribution made in cash by any Obligor if the following conditions are satisfied: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Revolving Loans made under the Revolving Loan Agreement to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$11,500,000, (iv) Borrowers provide Agent evidence that after giving effect to the consummation of such Distribution, Borrowers and their Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, (v) after giving effect to the consummation of such Distribution, the Leverage Ratio of the Obligors, on a consolidated basis, is less than or equal to 3.75 to 1.00; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, and (vi) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution; and (d) following December 31, 2020, Distributions on account of redemptions of Equity Interests of Holdings held by employees, officers, or directors of Holdings (or any spouses, ex-spouses, estates or Affiliates of any of the foregoing); provided, that the aggregate amount of such redemptions made by Holdings in respect of each Fiscal Year prior to the Maturity Date shall not exceed the greater of (i) \$2,000,000 or (ii) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination in respect of which financial statements have been (or were required to be) delivered pursuant to Section 10.1.2(a) or (b), as applicable; provided, further, that Distributions under this clause (d) shall be subject to the satisfaction of the following conditions: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Revolving Loans made under the Revolving Loan Agreement to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$11,500,000, (iv) Borrowers provide Agent evidence that after giving effect to the consummation of such Distribution, Borrowers and their Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, (v) after giving effect to the consummation of such Distribution, the Leverage Ratio of the Obligors, on a consolidated basis, is less than or equal to 5.00 to 1.00; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, and (vi) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution.

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**Permitted Foreign Restructuring Transaction:** any Foreign Restructuring Transaction so long as (a) no Default or Event of Default exists before, at all times during, and immediately after giving effect thereto, (b) at all times during and immediately after giving effect thereto, the Required Lenders are satisfied in their discretion that Agent, for the benefit of the Secured Parties, has a valid and perfected Lien, having the priority set forth in the Intercreditor Agreement, in the Collateral of each Canadian Obligor to secure the prompt payment and performance of all Canadian Obligations, (c) immediately after giving effect thereto, the Required Lenders are satisfied in their discretion that there has not been a material adverse change in the financial condition of any Canadian Obligor or Canadian Availability, (d) at all times during and immediately after giving effect thereto, the Required Lenders are satisfied in their discretion that each Canadian Obligor remains bound by the Loan Documents to the same extent such Canadian Obligor was bound by the Loan Documents before giving effect thereto, (e) in connection therewith, Obligors deliver to Agent such supplemental or updating schedules hereto as the Required Lenders shall reasonably request and (f) Agent has provided its prior written consent (not to be unreasonably withheld, conditioned or delayed).

**Permitted Lien:** as defined in **Section 10.2.2**.

**Permitted Note Transfer:** the transfer of Debt that is permitted pursuant to any of **Section 10.2.1(t)(ii)**, **Section 10.2.1(t)(iii)** or **Section 10.2.1(t)(iv)** after the Closing Date either (a) to or between Non-Obligor Subsidiary or New Foreign Holdcos or (b) to an Obligor, so long as, concurrently with any such transfer, Obligors provide Agent with written notice of the identity of the new holder of such Debt.

**Permitted Pro Forma Adjustments:** as applied to any Person or business unit acquired or disposed of on or after the Closing Date, means any adjustment to the actual results of operations of such Person or business unit that is permitted to be recognized in pro forma financial statements prepared in accordance with Regulation S-X of the Securities Act of 1933 or that are otherwise approved by the Agent or Required Lenders to reflect verifiable and adequately documented severance payments and reductions in, among other items, officer and employee compensation, insurance expenses, interest expense, rental expense and other overhead expense, and other quantifiable expenses which are not anticipated to be incurred on an ongoing basis following consummation of such Acquisitions or dispositions. Notwithstanding the foregoing, for purposes of calculating compliance with the financial covenant set forth in **Section 10.3**, to the extent that during such period any Obligor shall have consummated a Permitted Acquisition, EBITDA shall be calculated with respect to any Person, business, property or asset acquired in a Permitted Acquisition as if such Acquisition had been consummated on the first day of the applicable period, based on historical results accounted for in accordance with GAAP.

**Permitted Purchase Money Debt:** Purchase Money Debt of Obligors and Subsidiaries that is unsecured or secured only by a Purchase Money Lien, as long as the aggregate amount does not exceed the Dollar Equivalent of \$10,000,000 at any time.

Permitted Restructuring Charges: the costs, fees, expenses and charges described in clauses (h) and (i) of the definition of EBITDA contained herein.

Person: any individual, corporation, limited liability company, unlimited liability company, partnership, joint venture, association, trust, unincorporated organization, Governmental Authority or other entity.

Plan: any employee benefit plan (as defined in Section 3(3) of ERISA) established by an Obligor or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, an ERISA Affiliate. For the avoidance of doubt, a Plan does not include a Canadian Pension Plan or a Canadian Benefit Plan.

Platform: as defined in **Section 14.3.3**.

Pledge Agreement: that certain Equity Interest Pledge Agreement by and among the applicable Obligors and Agent as amended, restated supplemented or otherwise modified.

Pledged ULC Shares the Investment Property which are shares in the capital stock of a ULC.

PPSA: the Personal Property Security Act (British Columbia) and the regulations thereunder; provided, however, if validity, perfection, effect of perfection and non-perfection and priority of Agent's security interest in any Canadian Collateral are governed by the personal property security laws of any jurisdiction other than British Columbia, PPSA shall mean those personal property security laws (including the Civil Code of Quebec) in such other jurisdiction for the purposes of the provisions hereof relating to such validity, perfection, effect of perfection and non-perfection and priority and for the definitions related to such provisions, as from time to time in effect.

Prepayment Premium: an amount equal to the applicable percentage of the principal amount so prepaid in any Loan Year in accordance with the table set forth below:

<b>Loan Year</b>	<b>Prepayment Premium</b>
Year 1	2%
Year 2	1%
Year 3 and thereafter	None

For the avoidance of doubt, the Year 1 Loan Year commences on November 17, 2020.

Pro Rata: when used with reference to a Lender's share on any date of the total Borrower Group Commitments to a Borrower Group, its interest in the Collateral of the members of such Borrower Group, its share of payments made by the members of such Borrower Group with respect to the Obligations of such Borrower Group, its share of Collateral proceeds of such Borrower Group, and its obligation to pay or reimburse Agent for Extraordinary Expenses owed by such Borrower Group or to indemnify any Indemnitees for Claims relating to such Borrower Group, a percentage (expressed as a decimal, rounded to the ninth decimal place) derived by dividing the amount of the Borrower Group Commitment of such Lender to such Borrower Group on such date by the aggregate amount of the Borrower Group Commitments of all Lenders to such Borrower Group on such date. If, on any date of determination, the Borrower Group Commitments of such Borrower Group have been terminated on or before such date, then the Borrower Group Commitments shall be deemed to be the Borrower Group Commitments immediately prior to such termination.

Proceeds of Crime Act: the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

Properly Contested: with respect to any obligation of an Obligor, (a) the obligation is subject to a bona fide dispute regarding amount or the Obligor's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment could not have a Material Adverse Effect, and the remedy of the creditor party relating to such dispute of the obligation could not result in forfeiture of any assets of the Obligor having an aggregate value greater than the Dollar Equivalent of \$500,000; (e) no Lien is imposed on assets of the Obligor, unless bonded and stayed to the satisfaction of Agent; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Purchase Money Debt: (a) Debt (other than the Obligations) for payment of any of the purchase price of fixed assets; (b) Debt (other than the Obligations) incurred within 10 days before or after acquisition of any fixed assets, for the purpose of financing any of the purchase price thereof; and (c) any renewals, extensions or refinancings (but not increases) thereof.

Purchase Money Lien: a Lien that secures Purchase Money Debt, encumbering only the fixed assets acquired with such Debt and constituting a Capital Lease or a purchase money security interest under the UCC, the PPSA or the Civil Code of Quebec, or constituting a vendor's hypothec under the Civil Code of Quebec.

Qualifying IPO: the issuance and sale by Holdings of its common Equity Interests in an underwritten primary public offering (other than a public offering pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the United States Securities and Exchange Commission in accordance with the Securities Act (whether alone or in connection with a secondary public offering) pursuant to which Net Proceeds of at least the Dollar Equivalent of \$100,000,000 are received by or contributed to Holdings.

RCRA: the Resource Conservation and Recovery Act (42 U.S.C. §§ 6991-6991i).

Real Estate: all right, title and interest (whether as owner, lessor or lessee) in any real Property or any buildings, structures, parking areas or other improvements thereon.

Recipient: Agent, any Lender or any other recipient of a payment to be made by an Obligor under a Loan Document or on account of an Obligation.

Refinancing Conditions: the following conditions for Refinancing Debt: (a) it is in an aggregate principal amount that does not exceed the principal amount of

the Debt being extended, renewed or refinanced; (b) it has a final maturity no sooner than, a weighted average life no less than, and an interest rate no greater than, the Debt being extended, renewed or refinanced; (c) it is subordinated to the Obligations at least to the same extent as the Debt being extended, renewed or refinanced; (d) the representations, covenants and defaults applicable to it are no less favorable to Borrowers than those applicable to the Debt being extended, renewed or refinanced; (e) no additional Lien is granted to secure it; (f) no additional Person is obligated on such Debt; and (g) upon giving effect to it, no Default or Event of Default exists.

Refinancing Debt: Borrowed Money that is the result of an extension, renewal or refinancing of Debt permitted under **Section 10.2.1(b), (d) or (f)**.

Related Real Estate Documents: with respect to any Real Estate subject to a Mortgage, the following, in form and substance reasonably satisfactory to Required Lenders and received by Agent for review at least 15 days (or such fewer days as Agent shall agree) prior to the effective date of the Mortgage: (a) a mortgagee title policy (or binder therefor) covering Agent's interest under the Mortgage, in a form and amount and by an insurer reasonably acceptable to Required Lenders, which must be fully paid on such effective date; (b) such assignments of leases, estoppel letters, attornment agreements, consents, waivers and releases as Required Lenders may require with respect to other Persons having an interest in the Real Estate; (c) a current, as-built survey of the Real Estate, containing a metes-and-bounds property description and certified by a licensed surveyor acceptable to Required Lenders; (d) a life-of-loan flood hazard determination and, if the Real Estate is located in a flood plain, an acknowledged notice to borrower and flood insurance in an amount, with endorsements and by an insurer reasonably acceptable to Required Lenders; (e) a current appraisal of the Real Estate, prepared by an appraiser acceptable to Required Lenders, and in form and substance reasonably satisfactory to Required Lenders; (f) an environmental assessment, prepared by environmental engineers reasonably acceptable to Required Lenders, and accompanied by such reports, certificates, studies or data as Required Lenders may reasonably require, which shall all be in form and substance satisfactory to Required Lenders; and (g) an Environmental Agreement and such other documents, instruments or agreements as Required Lenders may reasonably require with respect to any environmental risks regarding the Real Estate.

Relevant Four Fiscal Quarter Period: as defined in **Section 11.1**.

Relevant Governmental Body: the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

Report: as defined in **Section 12.2.3**.

Reportable Event: any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

Representation and Warranty Policy: that certain insurance policy issued by Scottsdale Insurance Company, Arch Specialty Insurance Company, and Steadfast Insurance Company in connection with the AV Transaction Agreement previously disclosed to Agent in connection with the insuring against a breach of a representation or warranty by any seller thereunder.

Request Notice: as defined in **Section 2.2.1**.

Required Borrower Group Lenders: at any date of determination thereof, Lenders having Borrower Group Commitments to a Borrower Group representing more than fifty percent (50%) of the aggregate Borrower Group Commitments to such Borrower Group at such time; provided, however, that if all Borrower Group Commitments to such Borrower Group have been terminated, the term "Required Borrower Group Lenders" shall mean Lenders to such Borrower Group holding Loans to the Borrowers of such Borrower Group representing more than fifty percent (50%) of the aggregate principal amount of Loans to the Borrowers of such Borrower Group outstanding at such time.

Required Lenders: means, at any time, Lenders holding in the aggregate more than 50% of the aggregate outstanding Loans and Commitments.

Restricted Investment: any Investment by an Obligor or Subsidiary, other than (a) (i) Investments in Subsidiaries to the extent such Investment was existing on the Closing Date, and (ii) Investments in respect of a Permitted Foreign Restructuring Transaction; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance satisfactory to Lender Representative; (c) loans and advances permitted under **Section 10.2.7**; (d) Permitted Acquisitions; (e) other Investments in an aggregate amount not to exceed the Dollar Equivalent of \$5,000,000 at any time; (f) any Investment by a US Obligor in another US Obligor; (g) any Investment by a Canadian Obligor to another Canadian Obligor; (h) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a Non-Obligor Subsidiary in another Non-Obligor Subsidiary or an Obligor; (i) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a Foreign Obligor in another Obligor; (j) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a US Obligor in a Canadian Obligor or a Foreign Obligor or by a Canadian Obligor in a Foreign Obligor or a US Obligor (I) in an aggregate amount at any time outstanding not in excess of \$5,000,000 so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby or (II) in any other amount so long as:

(A) at the time such Investment is made, no Default or Event of Default exists,

(B) at the time such Investment is made, Average Availability for the 60 day period immediately preceding such Investment calculated on a pro forma basis assuming such Investment was made on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such Investment) shall be greater than or equal to the greater of

(I) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and

(II) \$6,500,000,

(C) at the time such Investment is made, Availability, on the date such Investment is made (including any Revolving Loans made under the Revolving Loan Agreement to finance such Investment), shall be greater than or equal to the greater of

(I) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and

(II) \$6,500,000,

(D) at the time such Investment is made, Obligors provide Lender Representative evidence that after giving effect to such Investment, Obligors are in compliance with the financial covenant set forth in Section 10.3 on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period ten ended, and

(E) each Obligor shall be Solvent both before and after giving effect to such Investment and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Lenders, not less than five Business Days prior to the date such Investment is made, that all such conditions have been satisfied; or

(k) the investment by Safariland in the Equity Interests of Vievu Purchaser pursuant to the Vievu Purchase Agreement.

Restrictive Agreement: an agreement (other than a Loan Document) that conditions or restricts the right of any Borrower, Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any intercompany Debt, other than a Capital Lease, synthetic lease or similar financial instrument limited to restrictions relating to Equipment secured thereunder and proceeds and Intellectual Property related to such Equipment.

Revolving Agent: Bank of America, N.A., as agent under the Revolving Loan Agreement, together with its successors and assigns in such capacity in accordance with the Intercreditor Agreement.

Revolving Debt: the Revolving Debt Obligations exclusive of any portion of principal which exceeds the Revolving Loan Maximum Amount (as defined in the Intercreditor Agreement) and any interest, charges, fees, premiums, indemnities and expenses on account of such excess portion.

Revolving Debt Documents: the Revolving Loan Agreement, together with all documents, agreements, instruments, certificates, schedules, exhibits, annexes and riders executed in connection therewith, as amended, restated, supplemented or otherwise modified from time to time in accordance with the Intercreditor Agreement.

Revolving Debt Obligations: "Obligations" as defined in the Revolving Loan Agreement.

Revolving Lenders: the "Lenders" as defined in the Revolving Loan Agreement.

Revolving Loan: a "Revolver Loan" as defined in the Revolving Loan Agreement.

Revolving Loan Agreement: that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016, by and among the Revolving Agent, as agent for the Revolving Lenders, the Revolving Lenders, the US Borrowers and US Guarantors, as "U.S. Borrowers," the Canadian Borrowers, as "Canadian Borrowers", and the Canadian Guarantor, as "Canadian Guarantor", as amended, restated, supplemented or otherwise modified from time to time in accordance with the Intercreditor Agreement.

Royalties: all royalties, fees, expense reimbursement and other amounts payable by a Borrower under a License.

S&P: Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors.

Safariland: as defined in the preamble to this Agreement.

Safariland Distribution: Safariland Distribution, LLC, a Delaware limited liability company.

Sanction: any sanction administered or enforced by the U.S. Government (including OFAC), the Government of Canada, the United Nations Security Council, the European Union, Her Majesty's Treasury or other sanctions authority.

Secured Parties: (i) with respect to Liens granted by US Borrowers or any other US Obligor to Agent, each of the Agent and all Lenders making extensions of credit to or for the account of US Borrowers and each of the Agent and the Lenders making extensions of credit to or for the account of Canadian Borrowers; and (ii) with respect to the Liens granted by Canadian Borrowers or any other Canadian Obligor to Agent, each of the Agent and all Lenders making extensions of credit to or for the account of or guaranteed by Canadian Obligors or Foreign Obligors.

Securities Act: the Securities Act of 1933 and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder.

Security Documents: this Agreement, the Guaranties, Guarantor Security Agreements, the Pledge Agreement, Mortgages, Copyright Security Agreement, Patent Security Agreement, Trademark Security Agreement, the Canadian Security Agreement, the Canadian IP Security Agreement, Deposit Account Control Agreements and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Obligations.

Sencan UK: Sencan Limited, a company formed under the laws of England and Wales.

Senior Officer: the chairman of the board, president, chief executive officer, chief financial officer of a Borrower or, if the context requires, an Obligor.

Series: as defined in **Section 2.2**.

SOFR: with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York's Website.

Solvent: (a) as to any Person (other than, with respect to clause (v) only, any Canadian Obligor), such Person (i) owns Property whose fair salable value is greater than the amount required to pay all of its debts (including contingent, subordinated, unmatured and unliquidated liabilities); (ii) owns Property whose present fair salable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (iii) is able to pay all of its debts as they mature; (iv) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (v) is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code; and (vi) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates and (b) with respect to any Canadian Obligor, such person is not an "insolvent person" as defined in the *Bankruptcy and Insolvency Act* (Canada). "Fair salable value" means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase (including, in the case of a sale as a going concern, a reasonable estimation of goodwill that (i) would be supported by an independent

nationally-recognized valuation firm that values intangibles or (ii) is acceptable to Agent or Required Lenders).

Specified Equity Contribution: as defined in **Section 11.1(p)**.

Specified Holding Companies: as defined on **Schedule A**.

Specified Prepayment Event: (i) the Borrowers have requested in writing that Guggenheim and its Affiliates and Approved Funds provide incremental financing (including by way of an Incremental Increase) to the Borrowers for the purpose of financing any Permitted Acquisition or any other permitted Investment (including, without limitation, the acquisition of one or more of the Specified Holding Companies (to the extent permitted hereby)) at a time when (x) no Default or Event of Default has occurred and is continuing and (y) on a pro forma basis, the Leverage Ratio as of the end of the most recent Fiscal Quarter is the Subject Leverage Ratio or less as of such date, (ii) (A) Guggenheim has declined in writing such request or (B) neither Guggenheim, its Affiliates nor its Approved Funds have accepted such funding request in writing within twenty five (25) days after Guggenheim's receipt of notice thereof in accordance with **Section 14.3** and (iii) the Borrowers have consummated such acquisition with the proceeds of Indebtedness other than Indebtedness exclusively permitted pursuant to **Section 10.2.1**.

Spot Rate: on any date, the exchange rate, as determined by Agent, that is applicable to conversion of one currency into another currency, which is (a) the exchange rate reported by Bloomberg (or other commercially available source designated by Agent) as of the end of the preceding business day in the financial market for the first currency; or (b) if such report is unavailable for any reason, the spot rate for the purchase of the first currency with the second currency as in effect during the preceding business day in Agent's principal foreign exchange trading office for the first currency.

Subject Leverage Ratio: as of any date of determination, (a) if such date occurs prior to the two (2) year anniversary of the Closing Date, 5.00 to 1.00, calculated both before and after giving effect of the incurrence of any Indebtedness and the consummation of any Investment, disposition or fundamental change on such date on a pro forma basis (without any netting of the cash proceeds of such Indebtedness) and (y) if such date occurs on or after the two (2) year anniversary of the Closing Date, 4.50 to 1.00, calculated both before and after giving effect of the incurrence of any Indebtedness and the consummation of any Investment, disposition or fundamental change on such date on a pro forma basis (without any netting of the cash proceeds of such Indebtedness).

Subordinated Debt: Debt incurred by an Obligor that is expressly subordinate and junior in right of payment to Full Payment of all Obligations, and is on terms (including maturity, interest, fees, repayment, covenants and subordination) reasonably satisfactory to Required Lenders.

Subsidiary: any entity more than 50% of whose voting securities or Equity Interests is owned by a Borrower or any combination of Borrowers (including indirect ownership by a Borrower through other entities in which Borrower directly or indirectly owns more than 50% of the voting securities or Equity Interests).

Supplemental ICP Loan: a loan made by Med-Eng to ICP NewTech LTD, a company incorporated and registered in Ireland, in an aggregate principal amount not exceeding \$300,000.

Survival Holdings: as defined in the preamble to this Agreement.

Swap Obligations: with respect to any Obligor, its obligations under a Hedging Agreement that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

Target A Group: TWP (Newco) 107 Limited, a private limited company under the laws of England and Wales with company number 07664085, (b) Aegis Engineering Limited, a private limited company under the laws of England and Wales with company number 07418287, (c) LBA International Limited, a private limited company under the laws of England and Wales with company number 04171559, and (d) Tetranike Limited, a private limited company under the laws of England and Wales with company number 09059071.

Target A Purchaser: TSG UK Investment Holdings, a private limited company under the laws of England and Wales with company number 10477055, a wholly owned Subsidiary of Safariland.

Taxes: all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

Term Loan Priority Collateral: as defined in the Intercreditor Agreement.

Term SOFR: the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

Termination Event: (a) the whole or partial withdrawal of any Canadian Obligor from a Canadian Pension Plan during a plan year; or (b) the filing of a notice of intent to terminate in whole or in part a Canadian Pension Plan or the treatment of a Canadian Pension Plan amendment as a termination or partial termination thereof; or (c) the institution of proceedings by any Governmental Authority to terminate in whole or in part or have an administrator or trustee appointed to administer a Canadian Pension Plan; or (d) any other event or condition which might constitute grounds for the termination of, winding up or partial termination or winding up, or the appointment of a trustee to administer, any Canadian Pension Plan.

Trademark Security Agreement: collectively, that certain Trademark Security Agreement dated on or about the Closing Date between the applicable Obligors and Agent, as at any time amended, restated supplemented or otherwise modified and any other Trademark Security Agreement executed and delivered after the Closing Date by any Obligor to Agent, as at any time amended, restated supplemented or otherwise modified.

Transactions: collectively, the transactions contemplated in connection with the consummation of the initial Loans made under this Agreement on the Closing Date and the consummation of the transactions contemplated by the Revolving Debt Documents.

Trigger Period: as defined in the Revolving Loan Agreement as in effect on the date hereof.

UCC: the Uniform Commercial Code as in effect in the State of New York or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

UK IDA: the loan from Safariland to Dutch CV Holdco in the original principal amount not to exceed \$19,000,000 pursuant to an intercompany debt



agreement dated on or about May 1, 2017.

ULC: any unlimited company, unlimited liability company or unlimited liability corporation or any similar entity existing under the laws of any province or territory of Canada and any successor to any such entity.

Unfunded Pension Liability: the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to the Code, ERISA or the Pension Protection Act of 2006 for the applicable plan year or in the case of a Canadian Pension Plan means a going concern unfunded liability, a solvency deficiency or a wind up deficiency.

United Uniform: United Uniform Distribution, LLC, a Delaware limited liability company.

Upstream Payment: a Distribution by a Subsidiary of an Obligor to such Obligor.

US Borrowers: as defined in the preamble to this Agreement.

US Collateral: all of each US Obligor's right, title and interest in Property of such US Obligor as more fully described in the Security Documents that now or hereafter secure the payment or performance of any of the US Direct Obligations and Canadian Obligations.

US Commitment: the obligation of such Lender to make any US Loan, including any Delayed Draw US Loans, hereunder, up to the principal amount shown on **Schedule 1.1(a)**, as the same may be increased pursuant to **Section 2.2**. "US Commitments" means the aggregate amount of such commitments of all Lenders.

US Direct Obligations: on any date, the portion of the Obligations that are owing by US Borrowers or any other US Obligor; provided, however that the term "US Direct Obligations" shall not include Canadian Obligations guaranteed by US Obligor.

US Guarantor: a Domestic Subsidiary that provides a Guaranty of the Obligations. As of the Closing Date, the US Guarantors are Lawmen's, Safariland Distribution, United Uniform, GH Armor and Defense Technology.

US Joinder Agreement: a joinder agreement in the form of **Exhibit E-1**.

US Loans: for any Lender, the loans, including any Delayed Draw US Loans made on any Delayed Draw Closing Date, made by such Lender under **Section 2.1** hereof to the US Borrowers.

US Note: as defined in **Section 2.1.2**.

US Obligations: on any date, the aggregate of the Obligations outstanding that are owing by a US Borrower or any other US Obligor; provided, however, that the term "US Obligations" shall not include Canadian Obligations guaranteed by US Obligor.

US Obligor: any of a US Borrower, a US Guarantor, or all of them, as the context may require.

U.S. Person: "United States Person" as defined in Section 7701(a)(30) of the Code.

U.S. Tax Compliance Certificate: as defined in **Section 5.10.2**.

Value: (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a first-in, first-out basis, and excluding any portion of cost attributable to intercompany profit among Borrowers and their Affiliates; and (b) for an Account, its face amount, net of any returns, rebates, discounts (calculated on the shortest terms), credits, allowances or Taxes (including sales, excise or other taxes) that have been or could be claimed by the Account Debtor or any other Person.

Vievu Purchase Agreement: that certain Membership Interest Purchase agreement dated on or about May 3, 2018, among Safariland, Vievu and Vievu Purchase.

Vievu Purchaser: Axon Enterprise, Inc., a Delaware corporation.

**1.2. Accounting Terms.** Under the Loan Documents (except as otherwise specified herein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP (or international financial accounting standards acceptable to Agent) applied on a basis consistent with the most recent audited financial statements of Borrowers delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP (or international financial accounting standards acceptable to Agent) if Borrowers' certified public accountants concur in such change, the change is disclosed to Agent, and **Section 10.3** is amended in a manner satisfactory to Required Lenders to take into account the effects of the change.

**1.3. Uniform Commercial Code; PPSA; Quebec Law Provisions; Certain Matters of Construction**

1.3.1. All terms used herein and defined in the UCC as adopted in the State of New York from time to time shall have the meaning given therein unless otherwise defined herein. Without limiting the foregoing, the terms "accounts", "chattel paper" (and "electronic chattel paper" and "tangible chattel paper"), "commercial tort claims", "deposit accounts", "documents", "equipment", "financial asset", "fixtures", "general intangibles", "goods", "instruments", "inventory", "investment property", "letter-of-credit rights", "payment intangibles", "proceeds", "promissory note" "securities", "software" and "supporting obligations" as and when used in the description of Collateral shall have the meanings given to such terms in Articles 8 or 9 of the Uniform Commercial Code. In addition, without limiting the foregoing, the terms "accounts", "chattel paper", "goods", "instruments", "intangibles", "proceeds", "securities", "investment property", "inventory" and "equipment", as and when used in the description of Collateral located in Canada shall have the meanings given to such terms in the PPSA in effect in the Province of Ontario. To the extent the definition of any category or type of collateral is expanded by any amendment, modification or revision to the UCC or PPSA, as applicable, such expanded definition will apply automatically as of the date of such amendment, modification or revision.

1.3.2. For purposes of any Collateral located in the Province of Quebec or charged by any deed of hypothec (or any other Loan Document) and for all

other purposes pursuant to which the interpretation or construction of a Loan Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Quebec, (a) “personal property” shall be deemed to include “movable property”, (b) “real property” shall be deemed to include “immovable property”, (c) “tangible property” shall be deemed to include “corporeal property”, (d) “intangible property” shall be deemed to include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall be deemed to include a “hypothec”, “prior claim” and a “resolatory clause”, (f) all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the *Civil Code of Quebec*, (g) all references to “perfection” of or “perfected” Liens shall be deemed to include a reference to an “opposable” or “set up” Liens as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall be deemed to include a “right of compensation”, (i) “goods” shall be deemed to include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall be deemed to include a “mandatary”, (k) “construction liens” shall be deemed to include “legal hypothecs”, (l) “joint and several” shall be deemed to include “solidary”, (m) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”, (n) “beneficial ownership” shall be deemed to include “ownership on behalf of another as mandatary”, (o) “easement” shall be deemed to include “servitude”, (p) “priority” shall be deemed to include “prior claim”, (q) “survey” shall be deemed to include “certificate of location and plan”, and (r) “fee simple title” shall be deemed to include “absolute ownership”. 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 (except if another language is required under any applicable law) 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 la langue anglaise seulement (sauf si une autre langue est requise en vertu d’une loi applicable).*

1.3.3. The terms “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, “from” means “from and including,” and “to” and “until” each mean “to but excluding.” The terms “including” and “include” shall mean “including, without limitation” and, for purposes of each Loan Document, the parties agree that the rule of *ejusdem generis* shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws or statutes include all related rules, regulations, interpretations, amendments and successor provisions; (b) any document, instrument or agreement include any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section mean, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules mean, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person include successors and assigns; (f) time of day mean time of day at Agent’s notice address under **Section 14.3.1**; or (g) discretion of Agent, Required Lenders or any Lender mean the sole and absolute discretion of such Person or Persons, in each instance, unless expressly provided otherwise. All calculations of Value, fundings of Loans and payments of Obligations and other amounts herein shall be denominated in Dollars, unless expressly provided otherwise, and unless the context otherwise requires, all determinations (including calculations of financial covenant) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Borrowers shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent or any Lender under any Loan Documents. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. A reference to Borrowers’ “knowledge” or similar concept means actual knowledge of a Senior Officer.

#### **1.4. Currency Calculations; Divisions.**

1.4.1. Calculations. Unless expressly provided otherwise, all references in the Loan Documents to Loans, Obligations, Commitments and other amounts shall be denominated in Dollars. The Dollar Equivalent of any amounts denominated or reported under a Loan Document in a currency other than Dollars shall be determined by Agent on a daily basis, based on the current Spot Rate. Borrowers shall report Value to Agent in the currency invoiced by the Obligors or shown in the Obligors’ financial records, and unless expressly provided otherwise, herein shall deliver financial statements and calculate financial covenants in Dollars. Notwithstanding anything herein to the contrary, if any Obligation is funded and expressly denominated in a currency other than Dollars, the Obligors shall repay such Obligation in such other currency.

1.4.2. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction’s laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

## **SECTION 2. CREDIT FACILITIES**

### **2.1. The Loans.**

#### **2.1.1. Initial Loans and Delayed Draw Term Loans.**

(a) Subject to the terms and conditions of this Agreement, each Lender severally (and not jointly or jointly and severally) agrees to make, on the Closing Date, a term Loan to the Borrowers in an amount equal to such initial term loan Commitment set forth on **Schedule 1.1(a)**.

(b) Subject to the terms and conditions of this Agreement, each Lender with a Delayed Draw Commitment agrees (severally, not jointly or jointly and severally), until the Delayed Draw Termination Date, to make Delayed Draw Loans to US Borrowers in an aggregate amount not exceeding such Lender’s Delayed Draw Commitment set forth on Schedule 1.1(a); *provided*, that after giving effect to the making of any such Delayed Draw Loan, in no event shall the aggregate original principal amount of the Delayed Draw US Loans made hereunder exceed \$30,000,000. The Delayed Draw Commitment of each Lender shall be automatically reduced by the amount of each Delayed Draw US Loan made such Lender and shall automatically terminate on the Delayed Draw Termination Date. The making of any Delayed Draw US Loan shall be subject to the conditions set forth in **Section 6**, in addition to any other terms and conditions set forth herein. The Delayed Draw US Loans shall be made in and repayable in Dollars.

(c) Once repaid, whether such repayment is voluntary or required, the Loans may not be reborrowed.

(d) For the avoidance of doubt, any financing the Lenders agree in their discretion to provide to Borrowers pursuant to **Section 2.2** in order to finance the acquisition by the Borrowers of the Specified Holding Companies, in whole or in part, shall not reduce the amount of the Delayed Draw Commitments unless Borrowers and Lenders otherwise agree in writing.

2.1.2. Notes. This Agreement evidences the obligation of the US Borrowers to repay the US Loans and is being executed as a “noteless” credit agreement. The Loans made by each Lender and interest accruing thereon shall be evidenced by the records of Agent and such Lender. However, the US Loans shall, at the request of the applicable Lender, be evidenced by one or more secured promissory notes substantially in the form attached hereto as **Exhibit D-1** (each a “US Note”), and the Canadian Loans shall, at the request of the applicable Lender, be evidenced by one or more secured promissory notes substantially in the form attached hereto as **Exhibit D-2**.

(each a “Canadian Note”). Thereafter, the Loans evidenced by such Notes and interest thereon shall at all times (including after assignment permitted hereunder) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

2.1.3. **Use of Proceeds.** The proceeds of the Loans shall be used by the Borrowers solely (a) to pay fees and transaction expenses associated with the closing of this Agreement and (b) for lawful corporate purposes of the Borrowers and their Subsidiaries, including working capital and capital expenditures and other general corporate purposes (including Investments permitted hereunder); provided that, notwithstanding the foregoing, the proceeds of the Delayed Draw Loans shall be used solely to pay consideration for Permitted Acquisitions and transaction expenses associated therewith. Borrowers shall not, directly or indirectly, use any Loan proceeds, nor use, lend, contribute or otherwise make available any Loan proceeds to any Subsidiary, joint venture partner or other Person, (i) to fund any activities of or business with any Person (including a Canadian Designated Person), or in any Designated Jurisdiction, that, at the time of funding of the Loan, is the subject of any Sanction; (ii) in any manner that would result in a violation of a Sanction by any Person (including any Secured Party or other individual or entity participating in any transaction); or (iii) for any purpose that would breach the U.S. Foreign Corrupt Practices Act of 1977, UK Bribery Act 2010, Corruption of Foreign Public Officials Act (Canada) or Canadian Economic Sanctions and Export Control Laws, or similar law in any jurisdiction.

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## **2.2. Increase of Commitments.**

2.2.1. After the earlier to occur of (a) the Delayed Draw Commitments have been funded in full and (b) the Delayed Draw Termination Date (such earlier date, the “Incremental Start Date”), but prior to the Maturity Date, US Borrowers may by written notice to Agent (a “Request Notice”) request the establishment of one or more new term loan commitments that are US Commitments under this Agreement (the “New Term Loan Commitments” and the term loans made thereunder, the “New Term Loans”) in an aggregate principal amount not to exceed for all such New Term Loan Commitments \$40,000,000 plus mandatory prepayments of the Loans made after the Closing Date in connection with asset sales under **Section 5.2.1(c)** plus the unused portion of the Delayed Draw Commitments after the Delayed Draw Termination Date (not to exceed \$20,000,000) (each, an “Incremental Increase”). Notwithstanding the foregoing, an Incremental Increase used solely to finance the acquisition of one or more Specified Holding Companies may be provided to Borrowers prior to the Incremental Start Date and regardless of whether there are unused and available Delayed Draw Commitments at such time.

2.2.2. Guggenheim may, on or before the date that is twenty five (25) days after the Request Notice, elect by written notice to Borrowers to (a) provide such New Term Loan Commitments or (b) decline to provide such New Term Loan Commitments. If Guggenheim declines in writing to provide such New Term Loan Commitments, US Borrowers may, by ten (10) Business Days’ written notice to Agent, elect to request New Term Loan Commitments from additional lenders who are Eligible Assignees; provided that in such case, the incurrence of the New Term Loan Commitments by Borrowers shall be subject to the approval of Guggenheim in its sole discretion.

2.2.3. The incurrence by Borrowers of New Term Loan Commitments shall be subject to each of the following requirements: (a) no Default or Event of Default shall exist on the date of the effectiveness of the New Term Loan Commitments (the “Increased Amount Date”) both before or after giving effect to such New Term Loan Commitments; (b) both before and after giving effect to the making of any Series of New Term Loans, the representations and warranties contained herein and in the other Loan Documents shall be true and correct in all material respects on and as of such Increased Amount Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date; provided that, in each case, such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified by materiality in the text thereof; (c) the New Term Loan Commitments shall be effected pursuant to one or more Incremental Joinder Agreements executed and delivered by the Borrowers, each Lender (or other Person that is an Eligible Assignee) providing a New Term Loan Commitment (each a “New Term Loan Lender”) and Agent, and each New Term Loan Lender shall be subject to the requirements set forth in **Section 5.10**; (d) any such New Term Loan shall be in a minimum principal amount of \$1,000,000 and integral multiples of \$100,000 in excess thereof; (e) since the Closing Date, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect; (f) any collateral securing a New Term Loan Commitment shall also secure all other Obligations on a *pari passu* basis and the New Term Loan Commitment may not be secured by any assets other than the Collateral; (g) the Leverage Ratio shall not exceed the Subject Leverage Ratio as of the Increased Amount Date; (h) the Borrowers shall deliver or cause to be delivered any legal opinions, appropriate corporate authorization on the part of the Obligors (including good standing certificates for each Obligor, issued by the Secretary of State or other appropriate official of each Obligor’s jurisdiction of incorporation or formation) or other documents reasonably requested by Agent in connection with any such transaction; (i) proceeds of the New Term Loan shall be used solely to consummate Permitted Acquisitions; and (j) the Borrowers shall deliver a certificate of the Borrowers signed by a duly authorized officer, in form and substance reasonably acceptable to Agent, certifying and demonstrating (as applicable) that each of the conditions of this **Section 2.2** has been satisfied.

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2.2.4. Any New Term Loans made on an Increased Amount Date shall be designated a separate series (a “Series”) of New Term Loans for all purposes of this Agreement. On the Increased Amount Date on which any New Term Loan Commitments of any Series are effective, subject to the satisfaction of the foregoing terms and conditions: (i) each New Term Loan Lender of any Series shall make to US Borrowers the New Term Loan in an amount equal to its New Term Loan Commitment of such Series, and (ii) each New Term Loan Lender of any Series shall become a Lender hereunder with respect to the New Term Loan Commitment of such Series and the New Term Loans of such Series made pursuant thereto; provided (1) any Series will have a final maturity date no earlier than the Maturity Date; (2) the weighted average life to maturity applicable to each Series shall not be shorter than the weighted average life to maturity of the then-existing Loans; (3) the interest rate applicable to any Series will be determined by the Borrowers and the lenders providing such Series and such interest rate will not be more than 0.50% higher than the corresponding interest rate applicable to the Loans unless the interest rate margin with respect to the Loans is adjusted to be equal to the interest rate with respect to the relevant Series, minus 0.50%; provided that in determining the applicable interest rate: (w) original issue discount or upfront fees paid by the Borrowers in connection with such Series (based on a 4-year average life to maturity) shall be included, (x) any amendments to the Applicable Rate on the Loans that became effective subsequent to the Closing Date but prior to the time of the addition of such Series shall be included, (y) arrangement, commitment, structuring, underwriting, placement, advisory, success, consent, ticking and any amendment fees and/or any other fees paid or payable to Guggenheim (or its Affiliates or Approved Funds) or to one or more arrangers (or their Affiliates or Approved Funds) in their capacities as such in connection with such Series shall be excluded and (z) any increase in interest rate to the Loans required due to the application of a “LIBOR” interest rate floor on such Series shall be effected solely through an increase in (or implementation of, as applicable) any “LIBOR” interest rate floor applicable to the Loans and (4) (x) any Series shall share ratably in any prepayments of the Loans unless the Borrowers and the lenders in respect of such Series elect lesser payments and (y) except as otherwise provided in this **Section 2.2**, the terms of any Series shall be on terms consistent with the then-existing Loans with other terms not consistent with the then-existing Loans solely to the extent (A) the Lenders under the then-existing Loans also receive the benefit of such more restrictive terms or (B) such provisions apply after the Maturity Date. The terms and provisions of the New Term Loans and New Term Loan Commitments of any Series shall be as set forth herein or in the Incremental Joinder Agreement.

2.2.5. Subject to diligence, with results satisfactory to Guggenheim, Guggenheim will work with Borrowers in good faith to attempt to provide financing for Borrowers’ acquisition of the Specified Holding Companies.

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## SECTION 3. INTEREST, FEES AND CHARGES

### 3.1. Interest.

#### 3.1.1. Rates and Payment of Interest.

- (a) Subject to **Section 3.1.1.(c)**, the Loans shall bear interest on the outstanding principal amount thereof at the Applicable Rate.
- (b) Interest on the Loans shall be payable in Dollars.
- (c) During an Insolvency Proceeding with respect to any Obligor, or during any other Event of Default, Borrower Group Obligations of each Borrower Group shall bear interest at the Default Rate (whether before or after any judgment). Each Borrower acknowledges that the cost and expense to Agent and Lenders due to an Event of Default are difficult to ascertain and that the Default Rate is fair and reasonable compensation for this.
- (d) Interest accrued on the Loans shall be due and payable in arrears, (i) on each Interest Payment Date applicable thereto; (ii) on any date of prepayment, with respect to the principal amount of Loans being prepaid; and (iii) at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to the Borrowers. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable **on demand**. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable **on demand**.
- (e) Whenever Borrowers desire to convert or continue Loans as LIBOR Loans, Borrower Agent shall give Agent a Notice of Conversion/Continuation, no later than 11:00 a.m. at least two Business Days before the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall notify each Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the amount of Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be 30 days if not specified). If, upon the expiration of any Interest Period in respect of any LIBOR Loans, Borrowers shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such Loans into a LIBOR Loan with an interest period of 30 days.
- (f) In connection with the making, conversion or continuation of any LIBOR Loans, Borrowers shall select an interest period ("Interest Period") to apply, which interest period shall be 30, 60, or 90 days; provided, however, that:
  - i. The Interest Period shall begin on the date the Loan is made or continued as, or converted into, a LIBOR Loan and shall expire on the numerically corresponding day in the calendar month at its end;
  - ii. if any Interest Period begins on a day for which there is no corresponding day in the calendar month at its end or if such corresponding day falls after the last Business Day of such month, then the Interest Period shall expire on the last Business Day of such month; and if any Interest Period would otherwise expire on a day that is not a Business Day, the period shall expire on the next Business Day; and
  - iii. no Interest Period shall extend beyond the Maturity Date.

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**3.2. Fees.** Borrowers agree to pay the fees and expenses of the Agent as set forth in that certain fee letter between the Borrowers and the Agent dated as of the date hereof (the "Agent Fee Letter").

**3.3. Computation of Interest, Fees, Yield Protection.** All interest, as well as fees and other charges calculated on a per annum basis, shall be computed for the actual days elapsed, based on a year of 360 days. Each determination by Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate, refund or proration. All fees payable under Section 3.2 are compensation for services and are not, and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate as to amounts payable by Borrowers under **Section 3.4, 3.6, 3.7 or 5.9**, submitted to Borrower Agent by Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within 10 days following receipt of the certificate. For the purposes of the *Interest Act* (Canada), (i) whenever any interest under this Agreement or any other Loan Document is calculated using a rate based on a year of 360 days or any other period of time that is less than a calendar year, the rate is determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest is payable (or compounded) ends and (z) divided by 360 or such other period of time, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

**3.4. Reimbursement Obligations.** Borrowers within each Borrower Group shall reimburse Agent for all Extraordinary Expenses incurred by Agent in reference to such Borrower Group or its related Borrower Group Obligations or Collateral. Such Borrowers shall also reimburse Agent for all legal, accounting, appraisal, consulting, and other fees, costs and expenses incurred by it in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral of such Borrower Group, Loan Documents and transactions contemplated thereby in reference to such Borrower Group or its related Borrower Group Obligations or Collateral, including any actions taken to perfect or maintain priority of Agent's Liens on any Collateral of such Borrower Group, to maintain any insurance required hereunder or to verify Collateral of such Borrower Group; and (c) subject to the limits of **Section 10.1.1(b)**, each inspection, audit or appraisal with respect to any Obligor within such Borrower Group or Collateral securing the Borrower Group Obligations of such Borrower Group, whether prepared by Agent's personnel or a third party. All legal, accounting and consulting fees shall be charged to Borrowers within each Borrower Group by Agent's professionals at their hourly rates actually billed and may not represent any reduced or alternative fee billing arrangements that Agent, any Applicable Lender or any of their Affiliates may have with such professionals. Borrowers acknowledge that counsel may provide Agent with a benefit, such as a discount, credit or other accommodation, based on counsel's overall relationship with Agent, including fees paid hereunder. All amounts payable by Borrowers under this Section shall be due on demand.

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**3.5. Illegality.** If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund LIBOR Loans, or to determine or charge interest rates based upon LIBOR, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase, accept, discount or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to Agent, any obligation of such Lender to make or continue LIBOR Loans shall be suspended until such Lender notifies Agent that the circumstances giving rise to such determination no longer exist. Upon delivery of such notice, Borrowers shall prepay or, if applicable, convert all LIBOR Loans of such Lender

to a Loan bearing interest at the Base Rate either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Loans. Upon any such prepayment or conversion, Borrowers shall also pay accrued interest on the amount so prepaid or converted.

### **3.6. Inability to Determine Rates; Benchmark Transition Event, Etc**

3.6.1. Inability to Determine Rates. Subject to **Section 3.6.2** below with respect to Benchmark Transition Events and Early Opt-in Elections, if Agent shall determine that on any date for determining LIBOR adequate and fair means do not exist for ascertaining such rate on the basis provided herein, then Agent shall immediately notify Borrowers of such determination. Until Agent notifies Borrowers that such circumstance no longer exists, the obligation of Lenders to make LIBOR Loans shall be suspended, and no further Loans may be converted into or continued as LIBOR Loans. Upon receipt of such notice, any outstanding affected LIBOR Loans shall be automatically converted into Loans bearing interest at the Base Rate on the last day of the Interest Period currently then in effect.

#### **3.6.2. Effect of Benchmark Transition Event**

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, Agent and Borrowers may amend this Agreement to replace LIBOR with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after Agent has posted such proposed amendment to all Lenders and Borrowers so long as Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to Agent written notice that such Required Lenders accept such amendment. No replacement of LIBOR with a Benchmark Replacement pursuant to this **Section 3.6.2** will occur prior to the applicable Benchmark Transition Start Date.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, Agent 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.

(c) Notices; Standards for Decisions and Determinations. Agent will promptly notify Borrowers and the Lenders of (1) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (2) the implementation of any Benchmark Replacement, (3) the effectiveness of any Benchmark Replacement Conforming Changes and (4) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by Agent or Lenders pursuant to this **Section 3.6.2** 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 or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this **Section 3.6.2**.

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(d) Benchmark Unavailability Period. Upon Borrowers' receipt of notice of the commencement of a Benchmark Unavailability Period, Borrowers may revoke any request for a LIBOR Loan of, conversion to or continuation of LIBOR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, Borrowers will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period, the component of Base Rate based upon LIBOR will not be used in any determination of the Base Rate.

3.6.3. Match Funding. Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at LIBOR.

### **3.7. Increased Costs; Capital Adequacy.**

#### **3.7.1. Change in Law.** If any Change in Law shall:

(a) impose, modify or deem applicable any reserve, liquidity, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in LIBOR);

(b) subject any Recipient to any Tax with respect to any Loan or Loan Document, or change the basis of taxation of payments to such Recipient in respect thereof (except for Indemnified Taxes, Connection Income Taxes or Other Taxes covered by **Section 5.9** and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or

(c) impose on any Lender or interbank market any other condition, cost or expense affecting any Loan or Loan Document;

and the result thereof shall be to increase the cost to such Lender of making or maintaining any Loan or Commitment, or to reduce the amount of any sum received or receivable by such Lender (whether of principal, interest or any other amount) then, upon request of such Lender, Borrowers will pay to such Lender, such additional amount or amounts as will compensate such Lender, for such additional costs incurred or reduction suffered.

3.7.2. Capital Adequacy. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or holding company's capital as a consequence of this Agreement, or such Lender's Loans to a level below that which such Lender or holding company could have achieved but for such Change in Law (taking into consideration such Lender's and holding company's policies with respect to capital adequacy), then from time to time Borrowers will pay to such Lender, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

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3.7.3. Compensation. Failure or delay on the part of any Lender to demand compensation pursuant to this Section 3.7 shall not constitute a waiver of its right to demand such compensation, but Borrowers of a Borrower Group shall not be required to compensate a Lender for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Lender notifies Borrower Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to

above shall be extended to include the period of retroactive effect thereof).

3.7.4. **LIBOR Loan Reserves.** If any Lender is required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits, Borrowers of the applicable Borrower Group shall pay additional interest to such Lender on each LIBOR Loan equal to the costs of such reserves allocated to such Loan by such Lender (as determined by it in good faith, which determination shall be conclusive). The additional interest shall be due and payable on each interest payment date for the applicable Loan; provided, however, that if such Lender notifies Borrower Agent (with a copy to Agent) of the additional interest less than 10 Business Days prior to the interest payment date, then such interest shall be payable 10 Business Days after Borrower Agent's receipt of the notice.

3.8. **Mitigation.** If any Lender gives a notice under **Section 3.5** or requests compensation under **Section 3.7**, or if Borrowers of any Borrower Group are required to pay Indemnified Taxes or additional amounts with respect to a Lender under **Section 5.9**, then at the request of Borrower Agent, such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to it or unlawful. Borrowers of each Borrower Group shall pay all reasonable costs and expenses incurred by any Lender who has issued a Commitment to such Borrower Group in connection with any such designation or assignment.

3.9. **Funding Losses.** If for any reason (other than default by a Lender) (a) any conversion to or continuation of, a LIBOR Loan does not occur on the date specified therein in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn), (b) any repayment or conversion of a LIBOR Loan occurs on a day other than the end of its Interest Period, (c) Borrowers fail to repay a LIBOR Loan when required hereunder, or (d) a Lender is required to assign a LIBOR Loan prior to the end of its Interest Period pursuant to Section 13.4, then Borrowers shall pay to Agent its customary administrative charge and to each Lender all resulting losses and expenses, including loss of anticipated profits and any loss or expense arising from liquidation or redeployment of funds or from fees payable to terminate deposits of matching funds. Lenders shall not be required to purchase Dollar deposits in any interbank or offshore Dollar market to fund any LIBOR Loan but this Section shall apply as if each Lender had purchased such deposits.

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### 3.10. **Maximum Interest.**

(a) Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law ("maximum rate"). If Agent or any Applicable Lender shall receive interest in an amount that exceeds the maximum rate, the excess interest shall be applied to the principal of the applicable Borrower Group Obligations or, if it exceeds such unpaid principal, refunded to Borrowers of the Borrower Group that funded such interest payment. In determining whether the interest contracted for, charged or received by Agent or a Lender exceeds the maximum rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

(b) Without limiting the generality of the foregoing provisions, if any provision of any of the Loan Documents would obligate Canadian Obligors to make any payment of interest with respect to the Canadian Obligations in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in the receipt of interest with respect to the Canadian Obligations at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rates 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 the applicable recipient of interest with respect to the Canadian Obligations at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (i) first, by reducing the amount or rates of interest required to be paid to the applicable recipient under the Loan Documents; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the applicable recipient which would constitute interest with respect to the Canadian Obligations for purposes of Section 347 of the *Criminal Code* (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if the applicable recipient shall have received an amount in excess of the maximum permitted by that section of the *Criminal Code* (Canada), then Canadian Obligors shall be entitled, by notice in writing to Agent, to obtain reimbursement from the applicable recipient in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by the applicable recipient to the applicable Canadian Obligor. Any amount or rate of interest with respect to the Canadian Obligations referred to in this **Section 3.10(b)** shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Canadian Loans to a Canadian Borrower remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be prorated over that period of time and otherwise be prorated over the period from the Closing Date to the date of Full Payment of the Canadian Obligations, and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

## SECTION 4. **LOAN ADMINISTRATION**

4.1. **Manner of Borrowing.** Subject to satisfaction of the applicable conditions set forth in **Section 6**, Lenders shall make the Loans available to Borrowers by wire transfer of immediately available funds in accordance with instructions provided to (and reasonably acceptable to Agent) Agent by Borrowers. Any notice of borrowing for a Delayed Draw US Loan shall be provided at least five (5) Business Days prior to the date of proposed borrowing (which must be a Business Day) and each Delayed Draw US Loan shall be in an amount of not less than \$5,000,000 (or, if the Delayed Draw Commitments are less than \$5,000,000 at such time, the remaining amount of Delayed Draw Commitments).

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4.2. **[Reserved].**

4.3. **[Reserved].**

4.4. **Borrower Agent.** Each Borrower hereby designates Holdings ("**Borrower Agent**") as its representative and agent for all purposes under the Loan Documents, including delivery or receipt of communications, preparation and delivery of Borrowing Base and financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Agent or any Lender. Borrower Agent hereby accepts such appointment. Agent and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by Borrower Agent on behalf of any Borrower. Agent and Lenders may give any notice or communication with a Borrower hereunder to Borrower Agent on behalf of such Borrower. Each of Agent, and Lenders shall have the right, in its discretion, to deal exclusively with Borrower Agent for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Borrower Agent shall be binding upon and enforceable against it. Borrowers may, at any time, select a Borrower other than Holdings to be Borrower Agent by sending

Agent written notice of their intent to designate a Borrower other than Holdings as Borrower Agent which selection shall be effective upon Agent's confirmation of its receipt of such notice.

**4.5. One Obligation.** The Loans and other Borrower Group Obligations owing by each Borrower Group shall constitute one general obligation of Borrowers within such Borrower Group and (unless otherwise expressly provided in any Loan Document) and shall be secured by Agent's Lien on all Collateral of each member of such Borrower Group and all Collateral of each member of each other Borrower Group; provided, however, that each Lender shall be deemed to be a creditor of, and the holder of a separate claim against, each Borrower to the extent of any Obligations jointly or severally owed by such Borrower to such Lender.

**4.6. Effect of Termination.** On the Maturity Date, the Obligations shall be immediately due and payable. Until Full Payment of the Obligations, all undertakings of Borrowers contained in the Loan Documents shall continue, and Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents. Agent shall not be required to terminate its Liens unless it receives Cash Collateral or a written agreement, in each case satisfactory to it and Required Lenders, protecting Agent and Lenders from the dishonor or return of any Payment Items previously applied to the Obligations. **Sections 3.4, 3.6, 3.7, 5.5, 5.9, 5.10, 12, 14.2, this Section 4.6,** and each indemnity or waiver given by an Obligor or Lender in any Loan Document, shall survive Full Payment of the Obligations.

## SECTION 5. PAYMENTS

**5.1. General Payment Provisions.** All payments of Borrower Group Obligations shall be made, without offset, counterclaim or defense of any kind, free of (and without deduction for) any Taxes, and in immediately available funds, not later than 1:00 p.m. on the due date. Any payment after such time shall be deemed made on the next Business Day. If any payment under the Loan Documents shall be stated to be due on a day other than a Business Day, the due date shall be extended to the next Business Day and such extension of time shall be included in any computation of interest and fees. All payments with respect to any Obligations shall be made in Dollars. Borrowers agree that Agent shall have the continuing, exclusive right to apply and reapply a Borrower Group's payments and proceeds of Collateral for such Borrower Group's Obligations against such Borrower Group's Obligations, in such manner as Agent deems advisable (as directed by the Lenders), but whenever possible, any prepayment of Loans shall be applied first to Loans bearing interest at the Base Rate and then to LIBOR Loans.

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### 5.2. Repayment of Obligations.

#### 5.2.1. Mandatory Repayments.

(a) **Maturity Date.** All Obligations of the Obligors shall be immediately due and payable in full on the Maturity Date, unless payment of such Obligations is sooner required hereunder.

(b) **Amortization of Loans.** The applicable Borrowers shall repay the outstanding principal amount of the Loans in installments on the dates and in the amounts set forth in the table below, unless accelerated sooner pursuant to **Section 11.2**:

Payment Dates	Principal Amortization Payment (US Loans)	Principal Amortization Payment (Canadian Loans)
December 31, 2020	\$ 537,500	\$ 25,000
March 31, 2021	\$ 537,500	\$ 25,000
June 30, 2021	\$ 537,500	\$ 25,000
September 30, 2021	\$ 537,500	\$ 25,000
December 31, 2021	\$ 537,500	\$ 25,000
March 31, 2022	\$ 537,500	\$ 25,000
June 30, 2022	\$ 537,500	\$ 25,000
September 30, 2022	\$ 537,500	\$ 25,000
December 31, 2022	\$ 537,500	\$ 25,000
March 31, 2023	\$ 537,500	\$ 25,000
June 30, 2023	\$ 537,500	\$ 25,000
September 30, 2023	\$ 537,500	\$ 25,000
December 31, 2023	\$ 537,500	\$ 25,000
March 31, 2024	\$ 537,500	\$ 25,000
June 30, 2024	\$ 537,500	\$ 25,000
September 30, 2024	\$ 537,500	\$ 25,000
December 31, 2024	\$ 537,500	\$ 25,000
March 31, 2025	\$ 537,500	\$ 25,000
June 30, 2025	\$ 537,500	\$ 25,000
September 30, 2025	\$ 537,500	\$ 25,000
December 31, 2025	\$ 537,500	\$ 25,000
March 31, 2026	\$ 537,500	\$ 25,000

; provided, once any Delayed Draw US Loan has been made pursuant to the terms hereunder, in addition to the amounts set forth above, the Borrower shall pay, on each of the dates set forth above following the funding of such Delayed Draw US Loan, an additional amount equal to 0.25% of the original principal amount of such Delayed Draw US Loans.

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(c) **Asset Dispositions.** Subject to the terms of the Intercreditor Agreement, any Asset Disposition (other than sales of Inventory in the Ordinary Course of Business or the sale or liquidation of Cash Equivalents in a manner not prohibited by this Agreement) by any Obligor resulting in Net Proceeds received, then 100% of such Net Proceeds shall be applied to the Loans (without Prepayment Premium other than in connection with an Asset Disposition of all or substantially all of the assets of the Obligors); provided, however, that, so long as no Default or Event of Default has occurred and is continuing, such Net Proceeds shall not be required to be so applied to the extent the Borrowers deliver to the Agent a certificate stating that the Obligor intend to use such Net Proceeds to acquire capital assets useful to the business of the Obligors within 18 months of the receipt of such Net Proceeds, it being expressly agreed that Net Proceeds not so reinvested shall be applied to prepay the Loans immediately after such 18 month period (such prepayment to be applied in accordance with **Section 5.2.1(h)** below); provided, further, that no mandatory prepayment shall be required under this **Section 5.2.1(c)** in respect of up to \$6,700,000 of the Net Proceeds of the Asset Disposition of the capital stock of Vievu Purchaser received as partial consideration under the Vievu Purchase

Agreement so long as such Net Proceeds are utilized to repay the Revolving Debt promptly upon receipt thereof by the Obligors and their Subsidiaries to the extent that any Revolving Debt is outstanding.

(d) Issuances of Debt or Equity Interests. Subject to the terms of the Intercreditor Agreement, in the event of any issuance or other incurrence of Debt (other than Debt permitted by **Section 10.2.1**) or Equity Interests issued by any Obligor to a third party or any Equity Interests in respect of a Specified Equity Contribution, Borrowers shall, no later than one (1) Business Day after the receipt by such Obligor of (i) the cash proceeds from any such issuance or incurrence of Debt and (ii) the Net Proceeds of any issuance of such Equity Interests, as the case may be, repay the Loans in an amount equal to one hundred percent (100%) of such Net Proceeds (in the case of clause (ii) immediately above, without Prepayment Premium); provided, however, that any Net Proceeds from any issuance of Equity Interests that are used to pay for a Permitted Acquisition shall not be subject to this **Section 5.2.1(d)**. Any such prepayment shall be applied in accordance with **Section 5.2.1(h)** below. The foregoing shall not be deemed to be implied consent to any such issuance or incurrence of Debt or Equity Interest prohibited by the terms and conditions hereof.

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(e) Excess Cash Flow. Subject to the terms of the Intercreditor Agreement, commencing with respect to the Fiscal Year ended December 31, 2020, and with respect to each Fiscal Year thereafter, on or prior to the date that is ten (10) days after the earlier of (A) the date on which the annual audited financial statements for such Fiscal Year are delivered pursuant to **Section 10.1.2** or (B) the date on which such annual audited financial statements were required to be delivered pursuant to **Section 10.1.2** (the "Excess Cash Flow Prepayment Date"), the Borrowers shall be required to make a mandatory prepayment of the Obligations in an amount equal to fifty percent (50%) of Excess Cash Flow for such Fiscal Year; provided, such percentage shall be reduced (1) to 25% if the Leverage Ratio as of such Fiscal Year end is less than 4.00 to 1.00 but greater than or equal to 3.50 to 1.00 and (2) 0% if the Leverage Ratio as of such Fiscal Year end is less than 3.50 to 1.00. Each such prepayment shall be accompanied by a certificate signed by the Borrower Agent's chief financial officer certifying the manner in which Excess Cash Flow and the resulting prepayment were calculated, which certificate shall be in form and substance satisfactory to Required Lenders. Any such prepayment shall be applied in accordance with **Section 5.2.1(h)** below.

(f) Extraordinary Receipts. Subject to the terms of the Intercreditor Agreement, promptly upon receipt by any Obligor of proceeds from any Extraordinary Receipt, the Borrowers shall prepay the Loans (without Prepayment Premium) in an aggregate amount equal to one hundred percent (100%) of the Net Proceeds of such Extraordinary Receipt (such prepayment to be applied in accordance with **Section 5.2.1(h)** below); provided, however, that, so long as no Default or Event of Default has occurred and is continuing, Net Proceeds from insurance or condemnation proceeds in an amount not to exceed the Dollar Equivalent of \$500,000 in connection with any event or series of related events, shall not be required to be so applied to the extent the Borrowers deliver to the Agent a certificate stating that the Obligors intend to use such Net Cash Proceeds to acquire capital assets useful to the business of the Obligors within 180 days of the receipt of such Net Cash Proceeds, it being expressly agreed that any Net Proceeds not so reinvested shall be applied to prepay the Loans immediately after such 180 day period (such prepayment to be applied in accordance with **Section 5.2.1(h)** below).

(g) Specified Prepayment Event. Upon the occurrence of a Specified Prepayment Event, the Borrowers shall, no later than one (1) Business Day after the date of such Specified Prepayment Event, cause the Full Payment of the Loans (without Prepayment Premium).

(h) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this **Section 5.2.1** shall be applied as follows:

i. First, to payment of that portion of the Obligations constituting fees, indemnities, expenses (including Extraordinary Expenses) and other amounts (including fees, charges and disbursements of counsel to Agent and amounts payable under **Section 2** and **3**) payable to Agent in its capacities as such;

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ii. Second, to payment of that portion of the Obligations constituting fees, premiums (including the Prepayment Premium, if applicable), indemnities and other amounts payable to Lenders (including fees, charges and disbursements of counsel to the respective Lenders and amounts payable under **Sections 2** and **3**), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

iii. Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among Lenders in proportion to the respective amounts described in this clause Third held by them; and

iv. Fourth, to payment of that portion of the Obligations constituting unpaid principal amortization payments in inverse order of maturity on a pro rata basis.

(i) Waivable Mandatory Prepayment. Anything contained herein to the contrary notwithstanding, in the event Borrowers are required to make any mandatory prepayment pursuant to **Section 5.2.1(c)** or **(d)** (solely with respect to an issuance of Equity Interests) (a "Waivable Mandatory Prepayment") of the Loans, not less than three Business Days prior to the date (the "Required Prepayment Date") on which the Borrowers are required to make such Waivable Mandatory Prepayment, the Borrowers shall notify Agent of the amount of such prepayment, and Agent will promptly thereafter notify each Lender holding an outstanding Loan of the amount of such Lender's Pro Rata share of such Waivable Mandatory Prepayment and such Lender's option to refuse such amount. Each such Lender may exercise such option by giving written notice to the Borrowers and Agent of its election to do so, or if it elects not to do so and other Lenders elect to exercise such option, if it elects to receive its Pro Rata share of the portion of such Waivable Mandatory Prepayment that such other Lenders have elected to refuse, in each case on or before the first Business Day prior to the Required Prepayment Date (it being understood that any Lender which does not notify Borrower and Administrative Agent of its election to exercise such option on or before the first Business Day prior to the Required Prepayment Date shall be deemed to have elected, as of such date, not to exercise such option to refuse such Waivable Mandatory Prepayment and not to exercise the option to receive its Pro Rata share of the portion of such Waivable Mandatory Prepayment that other Lenders have elected to refuse, if any). On the Required Prepayment Date, the Borrowers shall pay to Agent the amount of the Waivable Mandatory Prepayment, which amount shall be applied (i) in an amount equal to that portion of the Waivable Mandatory Prepayment payable to those Lenders that have elected not to exercise such option to refuse such Waivable Mandatory Prepayment, to be applied in accordance with **Section 5.2.1(h)**, (ii) to the extent of any excess, ratably to Lenders that have elected to receive the portion of such Waivable Mandatory Prepayment that such other Lenders have elected to refuse, to be applied in accordance with **Section 5.2.1(h)**, until the Full Payment of the Loans, and (iii) to the extent of any excess, to Borrower for working capital and general corporate purposes.

5.2.2. Voluntary Prepayments. At its option and upon written notice given prior to 10:00 a.m. at least three (3) Business Days' prior to the date of such prepayment, any Borrower may prepay the Loans in whole at any time or in part; provided that any such prepayment of Loans shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding).



5.2.3. **Voluntary Prepayment Procedures.** Each such notice shall specify the date and amount of such prepayment and the Loans to be prepaid. Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata portion of such prepayment. If such notice is given by Borrowing Agent, Borrowers may make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Each such prepayment shall be applied to the Loans of the Lenders Pro Rata and shall be applied to the remaining principal amortization payments of the Loans in the inverse order of maturity on a pro rata basis until the Full Payment of the Loans. Any prepayment of a Loan pursuant to 5.2.2 hereof shall be accompanied by all accrued interest on the amount prepaid, together with the Prepayment Premium.

5.3. **Prepayment Premium.** If any Loan is repaid at any time, in each case in whole or in part, on or prior to the second anniversary of the Closing Date for any reason (including, but not limited to, whether voluntary or mandatory, and whether before or after acceleration of the Obligations, including in connection with (i) a Change of Control, (ii) an acceleration of the Obligations as a result of the occurrence of an Event of Default, (iii) the foreclosure and sale of, or collection of, the Collateral, (iv) the sale of the Collateral in any Insolvency Proceeding, (v) the restructure, reorganization, or compromise of the Loans by the confirmation of a plan of reorganization or any other plan of compromise, restructure, or arrangement in any Insolvency Proceeding or (vi) the termination of the Commitments under the Loan Documents), then the Borrowers shall be required to pay to Agent, for the ratable benefit of the Lenders, the Prepayment Premium; provided, that, notwithstanding the foregoing, no Prepayment Premium shall be required or paid in connection with (i) mandatory prepayments with respect to Excess Cash Flow, mandatory prepayments pursuant to **Section 5.2.1(c)** (other than an Asset Disposition of all or substantially all of the assets of the Obligors), **(d)** (other than an issuance or incurrence of Debt), **(f)** or **(g)** above, (ii) regularly scheduled amortization of the Loans and (iii) voluntary prepayments of the Loans in an aggregate amount of up to \$10,000,000 in any Loan Year. It is understood and agreed that if the Obligations are accelerated prior to the second anniversary of the Closing Date or the Commitments are terminated for any reason, including because of an Event of Default, the commencement of any Insolvency Proceeding or other proceeding pursuant to any applicable debtor relief laws, or due to any sale, disposition or encumbrance of the Obligors' assets (including that by operation of law or otherwise), the Prepayment Premium, determined as of the date of acceleration or Commitment termination will also be due and payable as though the Obligations were voluntarily prepaid as of such date and shall constitute part of the Obligations under the Loan Documents, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Lender's lost profits as a result thereof. The Prepayment Premium payable in accordance with the immediately preceding sentence shall be presumed to be the liquidated damages sustained by each Lender as the result of said early termination and the Borrowers agree that it is reasonable under the circumstances. THE BORROWERS EXPRESSLY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREPAYMENT PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION INCLUDING IN CONNECTION WITH ANY VOLUNTARY OR INVOLUNTARY ACCELERATION OF THE OBLIGATIONS PURSUANT TO ANY INSOLVENCY PROCEEDING OR OTHER PROCEEDING PURSUANT TO ANY DEBTOR RELIEF LAWS OR PURSUANT TO A PLAN OF REORGANIZATION. The Borrowers expressly agree that: (w) the Prepayment Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel, (x) the Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (y) there has been a course of conduct between Lenders and the Borrowers giving specific consideration in this transaction for such agreement to pay the Prepayment Premiums; and (z) the Borrowers shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Borrowers expressly acknowledge that their agreement to pay the Prepayment Premium as herein described is a material inducement to the Lenders to provide the Commitments and Loans under the Loan Documents. The Prepayment Premium will be deemed fully earned and non-refundable as of the Closing Date.

5.4. **Payment of Other Obligations.** Obligations of a Borrower Group other than Loans and Extraordinary Expenses shall be paid by Borrowers of such Borrower Group as provided in the Loan Documents or, if no payment date is specified, on demand.

5.5. **Marshaling; Payments Set Aside.** None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of Borrowers is made to Agent or any Lender, or Agent or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent or such Lender in its discretion) to be repaid to a Creditor Representative or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

5.6. **Application and Allocation of Payments.**

5.6.1. **Application.** Payments made by a Borrower Group hereunder shall be applied: (a) first, as specifically required hereby; (b) second, to Borrower Group Obligations of such Borrower Group then due and owing; (c) third, to other Obligations specified by such Borrower Group; and (d) fourth, as determined by Agent in its discretion.

5.6.2. **Post-Default Allocation.** Notwithstanding anything in any Loan Document to the contrary, during an Event of Default: (a) monies to be applied to the Borrower Group Obligations of any Obligors, whether arising from payments by any Obligors, realization on the Collateral, setoff or otherwise with respect to any Obligors, shall be allocated as follows:

- i. First, to payment of that portion of the Obligations constituting fees, indemnities, expenses (including Extraordinary Expenses) and other amounts (including fees, charges and disbursements of counsel to Agent and amounts payable under **Sections 2** and **3**) payable to Agent in its capacities as such;
- ii. Second, to payment of that portion of the Obligations constituting fees, premiums (including the Prepayment Premium), indemnities and other amounts payable to Lenders (including fees, charges and disbursements of counsel to the respective Lenders and amounts payable under **Sections 2** and **3**), ratably among them in proportion to the respective amounts described in this clause Second payable to them;
- iii. Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among Lenders in proportion to the respective amounts described in this clause Third held by them; and
- iv. Fourth, to payment of that portion of the Obligations constituting unpaid principal amortization payments in inverse order of maturity on a pro rata basis.

Obligations in the category shall be paid on a pro rata basis. The allocations set forth in this Section are solely to determine the rights and priorities among Secured Parties, and may be changed by agreement among them without the consent of any Obligor. This Section is not for the benefit of or enforceable by any Obligor, and each Borrower irrevocably waives the right to direct the application of any payments or Collateral proceeds subject to this Section.

5.6.3. Erroneous Application. Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by any Lender, such Lender hereby agrees to return it).

5.7. [Reserved].

5.8. [Reserved].

5.9. Taxes.

5.9.1. Payments Free of Taxes.

(a) All payments of Obligations by Obligor shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If Applicable Law (as determined by Agent in its discretion) requires the deduction or withholding of any Tax from any such payment by Agent or an Obligor, then Agent or such Obligor shall be entitled to make such deduction or withholding based on information and documentation provided pursuant to **Section 5.10**.

(b) If Agent or any Obligor is required by the Code to withhold or deduct Taxes, including backup withholding and withholding taxes, from any payment, then (i) Agent shall pay the full amount that it determines is to be withheld or deducted to the relevant Governmental Authority pursuant to the Code, and (ii) to the extent the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Obligor shall be increased as necessary so that the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(c) If Agent or any Obligor is required by any Applicable Law other than the Code to withhold or deduct Taxes from any payment, then (i) Agent or such Obligor, to the extent required by Applicable Law, shall timely pay the full amount to be withheld or deducted to the relevant Governmental Authority, and (ii) to the extent the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Obligor shall be increased as necessary so that the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

5.9.2. Payment of Other Taxes. Without limiting the foregoing, Borrowers shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at Agent's option, timely reimburse Agent for payment of, any Other Taxes.

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5.9.3. Tax Indemnification

(a) Each Borrower shall indemnify and hold harmless, on a joint and several basis, each Recipient against any Indemnified Taxes (including those imposed or asserted on or attributable to amounts payable under this Section) payable or paid by a Recipient or required to be withheld or deducted from a payment to a Recipient, 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. Each Borrower shall indemnify and hold harmless Agent against any amount that a Lender fails for any reason to pay indefeasibly to Agent as required pursuant to this Section 5.9. A certificate as to the amount of such payment or liability delivered to Borrowers by a Lender (with a copy to Agent), or by Agent on its own behalf or on behalf of any Recipient, shall be conclusive absent manifest error.

(b) Each Lender shall indemnify and hold harmless, on a several basis, (i) Agent against any Indemnified Taxes attributable to such Lender (but only to the extent Borrowers have not already paid or reimbursed Agent therefor and without limiting Borrowers' obligation to do so), (ii) Agent and Obligor, as applicable, against any Taxes attributable to such Lender's failure to maintain a Participant register as required hereunder, and (iii) Agent and Obligor, as applicable, against any Excluded Taxes attributable to such Lender that are payable or paid by Agent or an Obligor in connection with any Obligations, and any 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. Each Lender shall make payment within 10 days after demand for any amount or liability payable under this Section. A certificate as to the amount of such payment or liability delivered to any Lender by Agent shall be conclusive absent manifest error.

5.9.4. Evidence of Payments. As soon as practicable after payment by an Obligor of any Taxes pursuant to this Section, Borrower Agent shall deliver to Agent the original or a certified copy of a receipt issued by the appropriate Governmental Authority evidencing the payment, a copy of any return required by Applicable Law to report the payment or other evidence of payment reasonably satisfactory to Agent.

5.9.5. Treatment of Certain Refunds. Unless required by Applicable Law, at no time shall Agent have any obligation to file for or otherwise pursue on behalf of a Lender, nor have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of a Lender. If a Recipient determines in its discretion that it has received a refund of Taxes that were indemnified by Borrowers or with respect to which a Borrower paid additional amounts pursuant to this Section, it shall pay the amount of such refund to Borrowers (but only to the extent of indemnity payments or additional amounts actually paid by Borrowers with respect to the Taxes giving rise to the refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund). Borrowers shall, upon request by the Recipient, repay to the Recipient such amount paid over to Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) if the Recipient is required to repay such refund to the Governmental Authority. Notwithstanding anything herein to the contrary, no Recipient shall be required to pay any amount to Borrowers if such payment would place it in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. In no event shall Agent or any Recipient be required to make its tax returns (or any other information relating to its taxes that it deems confidential) available to any Obligor or other Person.

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5.9.6. Survival. Each party's obligations under **Sections 5.9 and 5.10** shall survive the resignation or replacement of Agent or any assignment of rights by or replacement of a Lender, the termination of the Commitments, and the repayment, satisfaction, discharge or Full Payment of any Obligations.

## **5.10. Lender Tax Information.**

5.10.1. Status of Lenders. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments of Obligations shall deliver to Borrowers and Agent properly completed and executed documentation reasonably requested by Borrowers or Agent as will permit such payments to be made without or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrowers or Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrowers or Agent to enable them to determine whether such Lender is subject to backup withholding or information reporting requirements. Notwithstanding the foregoing, such documentation (other than documentation described in **Sections 5.10.2(a), (b) and (d)**) shall not be required if a Lender reasonably believes delivery of the documentation would subject it to any material unreimbursed cost or expense or would materially prejudice its legal or commercial position.

5.10.2. Documentation. Without limiting the foregoing, if any Borrower is a US Person,

(a) any Lender that is a US Person shall deliver to Borrowers and Agent on or prior to the date on which such Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of Borrowers or Agent), executed copies of IRS Form W-9, certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(b) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of Borrowers or Agent), whichever of the following is applicable:

i. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BENE establishing an exemption from or reduction of U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty, and (y) with respect to other payments under the Loan Documents, IRS Form W-8BENE establishing an exemption from or reduction of U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

ii. executed copies of IRS Form W-8ECI;

iii. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate in form satisfactory to Agent to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3) (A) of the Code, a “10 percent shareholder” of a Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (“U.S. Tax Compliance Certificate”), and (y) executed copies of IRS Form W-8BENE; or

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iv. to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BENE, a U.S. Tax Compliance Certificate in form satisfactory to Agent, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more of its direct or indirect partners is claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such partner;

(c) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit Borrowers or Agent to determine the withholding or deduction required to be made; and

(d) if payment of an Obligation to a Lender would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code), such Lender shall deliver to Borrowers and Agent, at the time(s) prescribed by law and otherwise upon reasonable request, such documentation prescribed by Applicable Law (including Section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be appropriate for Borrowers or Agent to comply with their obligations under FATCA and to determine that such Lender has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (d), “FATCA” shall include any amendments made to FATCA after the date hereof.

5.10.3. Lender Obligations. Each Lender shall promptly notify Borrowers and Agent of any change in circumstances that would change any claimed Tax exemption or reduction. Each Lender shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) Borrowers and Agent for any Taxes, losses, claims, liabilities, penalties, interest and expenses (including reasonable attorneys’ fees) incurred by or asserted against a Borrower or Agent by any Governmental Authority due to such Lender’s failure to deliver, or inaccuracy or deficiency in, any documentation required to be delivered by it pursuant to this Section. Each Lender authorizes Agent to set off any amounts due to Agent under this Section against any amounts payable to such Lender under any Loan Document.

## **5.11. Nature and Extent of Each Borrower’s Liability.**

5.11.1. Joint and Several Liability. Each Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Obligations and all agreements under the Loan Documents. Each Guarantor agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and Lenders the prompt payment and performance of, all Obligations and all agreements under the Loan Documents. Each Obligor agrees that its guaranty obligations hereunder constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until Full Payment of the Obligations, and that such obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any Obligations or Loan Document, or any other document, instrument or agreement to which any Obligor is or may become a party or be bound; (b) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for the Obligations or any action, or the absence of any action, by Agent or any Lender in respect thereof (including the release of any security or guaranty); (d) the insolvency of any Obligor; (e) any election by Agent or any Lender in an Insolvency Proceeding for the application of Section 1111(b)(2) of the Bankruptcy Code or any similar election under Canadian Insolvency Law; (f) any borrowing or grant of a Lien by any other Borrower, as debtor-in-possession under Section 364 of the Bankruptcy Code or any similar provision of Canadian Insolvency Laws or otherwise; (g) the disallowance of any claims of Agent or any Lender against any Obligor for the repayment of any Obligations under Section 502 of the Bankruptcy Code or any similar provision of Canadian Insolvency Laws or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Full Payment of all Obligations.

5.11.2. Waivers.

(a) Each Obligor expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or Lenders to marshal assets or to proceed against any Obligor, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Obligor. Each Obligor waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of all Obligations and waives, to the maximum extent permitted by law, any right to revoke any guaranty of any Obligations as long as it is an Obligor. It is agreed among each Obligor, Agent and Lenders that the provisions of this **Section 5.11** are of the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Agent and Lenders would decline to make Loans. Each Obligor acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Agent and Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral or any Real Estate by judicial foreclosure or nonjudicial sale or enforcement, without affecting any rights and remedies under this **Section 5.11**. If, in taking any action in connection with the exercise of any rights or remedies, Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Obligor or other Person, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, each Obligor consents to such action and waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any Obligor might otherwise have had. Any election of remedies that results in denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Obligor shall not impair any other Obligor's obligation to make Full Payment of the Obligations. Each Obligor waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Obligor's rights of subrogation against any other Person. Agent may bid all or a portion of the Obligations at any foreclosure, trustee or other sale, including any private sale, and the amount of such bid need not be paid by Agent but shall be credited against the applicable Borrower Group Obligations. The amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Borrower Group Obligations of such Borrower Group shall be conclusively deemed to be the amount of the Obligations guaranteed under this **Section 5.11**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

5.11.3. Extent of Liability; Contribution.

(a) Notwithstanding anything herein to the contrary, each Borrower's liability under this **Section 5.11** shall be limited to the greater of (i) all amounts for which such Borrower is primarily liable, as described below, and (ii) such Borrower's Allocable Amount.

(b) If any Borrower makes a payment under this **Section 5.11** of any Borrower Group Obligations (other than amounts for which such Borrower is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Borrower Group Obligations satisfied by such Guarantor Payments in the same proportion that such Borrower's Allocable Amount bore to the total Allocable Amounts of all Borrowers, then such Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other Borrower in such Borrower Group for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "Allocable Amount" for any Borrower shall be the maximum amount that could then be recovered from such Borrower with respect to such Borrower Group under this **Section 5.11** without rendering such payment voidable under Section 548 of the Bankruptcy Code or any similar provision of Canadian Insolvency Laws or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

(c) Nothing contained in this **Section 5.11** shall limit the liability of any Borrower to pay Loans made directly or indirectly to that Borrower and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder.

5.11.4. Joint Enterprise. Each Obligor within a Borrower Group has requested that Agent and Lenders make this credit facility available to such Obligor on a combined basis, in order to finance such Obligor's business most efficiently and economically. Such Obligor's business is a mutual and collective enterprise, and the successful operation of each Obligor is dependent upon the successful performance of the integrated group. Obligor believes that consolidation of their credit facility will enhance the borrowing power of each such Borrower and ease administration of the facility, all to their mutual advantage of such Obligor. Such Obligor acknowledges and agree that Agent's and Lenders' willingness to extend credit to such Obligor and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to such Obligor and at such Obligor's request.

5.11.5. Subordination. Each Obligor within a Borrower Group hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Obligor in the same Borrower Group, and any successor or assign of any other such Obligor, including Creditor Representative, howsoever arising, due or owing or whether heretofore, now or hereafter existing, to the Full Payment of all of its Borrower Group Obligations.

**5.12. Currency Matters.** Dollars are the currency of account and payment for each and every sum at any time due from the Obligor hereunder, provided, that, unless otherwise provided in this Agreement or any other Loan Document. No payment to Agent or Lenders (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Obligor in respect of which it was made unless and until Agent or such Lender shall have received payment in full in the currency in which such obligation or liability is payable pursuant to the above provisions of this **Section 5.12**. To the extent that the amount of any such payment shall, on actual conversion into such currency, fall short of such obligation or liability actual or contingent expressed in that currency, such Obligor (together with the other Obligor within its Borrower Group) agrees to indemnify and hold harmless Agent or such Lender, with respect to the amount of the shortfall with respect to amounts payable by such Obligor hereunder, with such indemnity surviving the termination of this Agreement and any legal proceeding, judgment or court order pursuant to which the original payment was made which resulted in the shortfall. To the extent that the amount of any such payment to Agent or a Lender shall, upon an actual conversion into such currency, exceed such obligation or liability, actual or contingent, expressed in that currency, Agent or such Lender shall return such excess to the members of the affected Borrower Group.

**SECTION 6. CONDITIONS PRECEDENT**

Lenders shall not be required to fund any Loan to the Borrowers hereunder, until the date ("Closing Date") that each of the following conditions has been satisfied:

(a) Each Loan Document shall have been duly executed and delivered to Agent by each of the signatories thereto, and each Obligor shall be in compliance with all terms thereof.

(b) Agent shall have received acknowledgments of all filings or recordings necessary to perfect its Liens in the Collateral, as well as UCC, PPSA and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral of such Borrower Group, except Permitted Liens.

(c) Agent shall have received duly executed agreements establishing each Dominion Account and related lockbox, in form and substance, and with financial institutions, satisfactory to the Lenders and Agent.

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(d) Agent shall have received certificates, in form and substance satisfactory to it and the Lenders, from a knowledgeable Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of each Borrower certifying that, after giving effect to the Loans and transactions hereunder, (i) such Borrower is Solvent; (ii) no Default or Event of Default exists; (iii) the representations and warranties set forth in **Section 9** are true, correct and complete on and as of the Closing Date, except for representations and warranties that expressly relate to an earlier date (in which case such representations and warranties are true, correct and complete on and as of such earlier date); (iv) such Borrower has complied with all agreements and conditions to be satisfied by it under the Loan Documents; and (v) the Leverage Ratio is less than or equal to 4.50 to 1.00.

(e) Agent shall have received a certificate of a duly authorized officer of each Obligor, certifying (i) that the Organic Documents attached thereto of such Obligor that were delivered on the date referenced in such certificate remain, as of the Closing Date, true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents. Agent may conclusively rely on this certificate until it is otherwise notified by the applicable Obligor in writing.

(f) Agent shall have received written opinions of Kane Kessler, P.C. and Borden Ladner Gervais LLP, as well as any other local counsel to Obligors or Agent, in each case in form and substance satisfactory to Agent.

(g) Agent shall have received long form good standing certificates for each Obligor, issued by (i) the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization, (ii) the Secretary of State or other appropriate official in each jurisdiction set forth on **Schedule 6.1(g)** and (iii) the Secretary of State or other appropriate official in each other jurisdiction where the failure of such Obligor to be qualified could reasonably be expected to result in a Material Adverse Effect:

(h) Agent shall have received copies of policies or certificates of insurance for the insurance policies carried by Obligors and lender's loss payable and notice of cancellation endorsements, and a collateral assignment of business interruption insurance, as applicable, with respect to such policies, all in compliance with the Loan Documents.

(i) Agent and Lenders shall have completed all due diligence required for compliance with the PATRIOT Act and other Applicable Law and all background checks.

(j) Borrowers shall have paid all fees and expenses to be paid to Agent and Lenders on the Closing Date, including all fees payable pursuant to the Agent Fee Letter.

(k) Agent shall have received a copy of the Borrowing Base Certificate prepared as of October 31, 2020 and delivered to the Revolving Agent. Availability under the Revolving Debt Documents shall be no less than \$16,000,000.

(l) Agent shall have received (i) interim financial statements for US Borrowers as of June 30, 2020, which shall demonstrate that no Material Adverse Effect shall have occurred during the period covered by such interim financial statements, and (ii) all other financial and business information reasonably requested by the Lenders and consistent with information previously provided to Agent.

(m) [reserved].

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(n) Lenders shall have completed their confirmatory due diligence with respect to the Obligors and their Subsidiaries, with results satisfactory to Lenders. Without limiting the foregoing, Lenders shall be satisfied with Obligors' corporate, capital and ownership structure and indebtedness (both before and after giving effect to the Transactions) and shall have received a solvency certificate and attachments from Obligors demonstrating that each Obligor is Solvent.

(o) Agent shall have received copies of the fully-executed Revolving Loan Agreement, certified by an officer of Safariland to be true, correct and complete, each of which shall be in form and substance acceptable to the Required Lenders and in full force and effect.

(p) Agent shall have received original certificates evidencing all issued and outstanding Equity Interests of each of Safariland and each of its Subsidiaries that have not been previously delivered prior to the Closing Date and are owned directly by any Obligor and any related stock or membership interest powers or other appropriate instruments of transfer executed in blank.

(q) Agent and Lenders shall have received evidence that Funded Debt less the amount of Borrowers' cash, on the Closing Date, after giving effect to all transactions contemplated hereunder and under the Revolving Debt Documents, does not exceed the Dollar Equivalent of \$245,000,000.

Lenders shall not be required to fund any Delayed Draw US Loan to the US Borrowers hereunder (each such date, a "Delayed Draw Closing Date") unless each of the following conditions has been satisfied for each such Delayed Draw US Loan:

(r) The Agent shall have received a notice of borrowing as required by **Section 4.1**; provided, that, with respect to any borrowing, the date of borrowing specified in such notice shall not be later than the Delayed Draw Termination Date.

(s) Borrowers and each other Obligor shall be in compliance in all material respects with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and, at the time of and immediately after giving effect to such funding of the Delayed Draw US Loan and the application of the proceeds thereof, no Default or Event of Default shall have occurred and be continuing on such date.

(t) Since the Closing Date, there shall have been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(u) On a pro forma basis, both before and after giving effect to the borrowings to be made on the applicable Delayed Draw Closing Date and the use of proceeds thereof, the Leverage Ratio is less than or equal to 5.00 to 1.00 as of the Delayed Draw Closing Date.

(v) The Agent and the Lenders shall have received all amounts due and payable on or prior to the applicable Delayed Draw Closing Date, including all fees due and payable pursuant to the Agent Fee Letter and, to the extent invoiced at least one Business Day prior to the applicable Delayed Draw Closing Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses (including legal fees).

(w) At the time of and immediately after giving effect to such funding of the Delayed Draw US Loan, all representations and warranties of each Obligor set forth in the Loan Documents shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects and other than those representations and warranties that are expressly made as of an earlier specified date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier specified date).

(x) The Lenders shall have received a certificate, dated the applicable Delayed Draw Closing Date, from a knowledgeable Senior Officer of Borrower Agent certifying that the foregoing requirements of clauses (r) – (v) have been satisfied.

## **SECTION 7. COLLATERAL**

**7.1. Grant of Security Interest.** To secure the prompt payment and performance of all Obligations, each Obligor hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all of the following Property of such Obligor, whether now owned or hereafter acquired, and wherever located:

- (a) all Accounts;
- (b) all Chattel Paper, including electronic chattel paper;
- (c) all Commercial Tort Claims, including those shown on **Schedule 9.1.16**;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all General Intangibles, including Intellectual Property;
- (g) all Goods, including Inventory, Equipment and fixtures;
- (h) all Instruments;
- (i) all Investment Property;
- (j) all Letter-of-Credit Rights;
- (k) all Supporting Obligations;
- (l) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate or branch of Agent or a Lender, including any Cash Collateral;
- (m) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral of such Obligor; and
- (n) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

### **7.2. Lien on Deposit Accounts; Cash Collateral.**

7.2.1. **Deposit Accounts.** Subject to the terms of the Intercreditor Agreement, to further secure the prompt payment and performance of all Obligations, each Obligor hereby grants to Agent a continuing security interest in and Lien upon all amounts credited to any Deposit Account of such Obligor, including any sums in any blocked or lockbox accounts or in any accounts into which such sums are swept. Each Obligor within a Borrower Group hereby authorizes and directs each bank or other depository to deliver to Agent, upon request, all balances in any Deposit Account maintained by such Obligor, without inquiry into the authority or right of Agent to make such request, within a Borrower Group with such depository for application to the Obligations of such Borrower Group then outstanding.

7.2.2. **Cash Collateral.** Subject to the terms of the Intercreditor Agreement, Cash Collateral of a Borrower Group may be invested, at Required Lender's discretion (and with the consent of such Borrower Group, as long as no Event of Default exists), but Agent shall have no duty to do so, regardless of any agreement or course of dealing with any Borrower, and shall have no responsibility for any investment or loss. Each Obligor hereby grants to Agent, as security for the Obligations of such Obligor, a security interest in all Cash Collateral held from time to time as security for the Obligations of such Obligor and all proceeds thereof, whether held in a Cash Collateral Account or otherwise. Subject to **Section 5.6.2** and the terms of the Intercreditor Agreement, Agent may apply Cash Collateral to the payment of any Obligations as they become due, in such order as Agent may elect (as directed by the Required Lenders). Subject to the terms of the Intercreditor Agreement, each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent, and no Obligor or other Person shall have any right to any Cash Collateral of any Borrower Group until Full Payment of all Obligations secured by such Cash Collateral.

### **7.3. Real Estate Collateral.**

7.3.1. **Lien on Real Estate.** The Borrower Group Obligations of each Borrower Group shall also be secured by Mortgages upon all Real Estate owned by Obligors within such Borrower Group, including the Real Estate located at (a) 13386 International Parkway, Jacksonville, Florida 32218, (b) 3041 Faye Road, Jacksonville, Florida 32226 (c) 1900 North Loop, Casper, Wyoming 82601, (d) 1855 South Loop, Casper, Wyoming 82601, (e) 1725 South Loop, Casper, Wyoming 82601 and (f) 9125 Neosho Road, Casper, Wyoming 82601. The Mortgages granted by Obligors within such Borrower Group shall be duly recorded, at the expense of Borrowers within such Borrower Group, in each office where such recording is required to constitute a fully perfected Lien on the Real Estate covered thereby. If any Borrower acquires Real Estate

hereafter, such Borrower shall, within 30 days, execute, deliver and record a Mortgage sufficient to create a first priority Lien in favor of Agent on such Real Estate, and shall deliver all Related Real Estate Documents.

7.3.2. Collateral Assignment of Leases. To further secure the prompt payment and performance of all Obligations (or, in the case of an assignment by a Canadian Obligor, Canadian Obligations), each Obligor hereby transfers and assigns to Agent as Collateral all of such Obligor's right, title and interest in, to and under all now or hereafter existing leases of real Property to which such Obligor is a party, whether as lessor or lessee, and all extensions, renewals, modifications and proceeds thereof.

#### **7.4. Other Collateral.**

7.4.1. Commercial Tort Claims. Each US Obligor shall promptly notify Agent in writing if any such Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than the Dollar Equivalent of \$400,000), shall promptly amend **Schedule 9.1.16** to include such claim, and shall take such actions as Required Lenders deem appropriate to subject such claim to a duly perfected, first priority Lien in favor of Agent.

7.4.2. Certain After-Acquired Collateral. Each Obligor shall promptly notify Agent in writing if, after the Closing Date, such Obligor obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, Documents, Instruments, Intellectual Property, Investment Property or Letter-of- Credit Rights and, upon Agent's request, shall promptly take such actions as Required Lenders deem appropriate to effect Agent's duly perfected Lien upon such Collateral having the priority set forth in the Intercreditor Agreement for such Collateral, including through providing possession, Deposit Account Control Agreements, Lien Waiver, other control agreements or otherwise. If any Collateral is in the possession of a third party, at Agent's request (at the direction of the Required Lenders), Obligors within the Borrower Group to which such Collateral relates shall obtain an acknowledgment that such third party holds the Collateral for the benefit of Agent.

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7.5. No Assumption of Liability. The Lien on Collateral granted hereunder is given as security only and shall not subject Agent or any Lender to, or in any way modify, any obligation or liability of Borrowers relating to any Collateral.

#### **7.6. Further Assurances and Post-Closing Covenants.**

(a) All Liens granted to Agent under the Loan Documents are for the benefit of Secured Parties. Promptly upon request, Obligors shall deliver such instruments and agreements, and shall take such actions, as Required Lenders deem appropriate under Applicable Law to evidence or perfect Agent's Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Borrower authorizes Agent to file any financing statement that describes the Collateral as "all assets" or "all personal property" of such Borrower, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect its Lien on any Collateral.

(b) To the extent not completed prior to the Closing Date, Obligors shall satisfy the requirements set forth on **Schedule 7.6(b)** on or prior to the dates set forth on such schedule (or such other date as the Agent shall agree).

7.7. Excluded Collateral. Notwithstanding **Sections 7.1** through **7.4**, the Collateral shall not include any Excluded Collateral.

7.8. ULC Limitation. Notwithstanding any provisions to the contrary contained in this Agreement or any other Loan Document, as regards each applicable Obligor who is a registered and beneficial owner of Pledged ULC Shares such Obligor owns and will remain so until such time as such Pledged ULC Shares are fully and effectively transferred into the name of Agent or any other person on the books and records of such ULC. Nothing in this Agreement or any other Loan Document is intended to or shall constitute Agent or any person other than an Obligor to be a member or shareholder of any ULC until such time as written notice is given to the applicable Obligor and all further steps are taken so as to register Agent or other person as holder of the Pledged ULC Shares. The granting of the pledge and security interest pursuant to **Section 7.1** hereof or in any other Loan Document does not make Agent a successor to any Obligor as a member or shareholder of any ULC, and neither Agent nor any of its respective successors or assigns hereunder shall be deemed to become a member or shareholder of any ULC by accepting this Agreement or any other Loan Document or exercising any right granted herein unless and until such time, if any, when Agent or any successor or assign expressly becomes a registered member or shareholder of any ULC. Each applicable Obligor shall be entitled to receive and retain for its own account any dividends or other distributions if any, in respect of the Collateral, and shall have the right to vote such Pledged ULC Shares and to control the direction, management and policies of the ULC issuing such Pledged ULC Shares to the same extent as such Obligor would if such Pledged ULC Shares were not pledged to Agent or to any other person pursuant hereto. To the extent any provision herein or in any other Loan Document would have the effect of constituting Agent to be a member or shareholder of any ULC prior to such time, such provision shall be severed herefrom and therefrom and ineffective with respect to the relevant Pledged ULC Shares without otherwise invalidating or rendering unenforceable this Agreement or any other Loan Document or invalidating or rendering unenforceable such provision insofar as it relates to Collateral other than Pledged ULC Shares. Notwithstanding anything herein or in any other Loan Document to the contrary (except to the extent, if any, that Agent or any of its successors or assigns hereafter expressly becomes a registered member or shareholder of any ULC), neither Agent nor any of its respective successors or assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any ULC. Except upon the exercise by Agent or other persons of rights to sell or otherwise dispose of Pledged ULC Shares or other remedies following the occurrence and during the continuance of an Event of Default, each applicable Obligor shall not cause or permit, or enable any ULC in which it holds Pledged ULC Shares to cause or permit, Agent to: (a) be registered as member or shareholder of such ULC; (b) have any notation entered in its favor in the share register of such ULC; (c) be held out as member or shareholder of such ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC by reason of Agent or other person holding a security interest in the Pledged ULC Shares; or (e) act as a member or shareholder of such ULC, or exercise any rights of a member or shareholder of such ULC, including the right to attend a meeting of such ULC or vote the shares of such ULC.

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## **SECTION 8. COLLATERAL ADMINISTRATION**

8.1. Borrowing Base Certificates. So long as the Revolving Loan Agreement is in effect, Borrowers shall deliver to Agent (and Agent shall promptly deliver the same to Lenders) a copy of any Borrowing Base Certificate delivered to the Revolving Agent in connection with the Revolving Loan Agreement.

#### **8.2. Administration of Accounts.**

8.2.1. Records and Schedules of Accounts. Each Obligor shall keep accurate and complete records of its Accounts, including all payments and collections thereon, and shall submit to Agent sales, collection, reconciliation and other reports in form satisfactory to Required Lenders, on such periodic basis as Required Lenders may reasonably request. Each Obligor shall also provide to Agent, on or before the 15th day of each month, a detailed aged trial balance of all Accounts as of the end of the preceding month, specifying each Account's Account Debtor name and address, amount, invoice date and due date, showing any discount, allowance, credit, authorized return or dispute. If requested by Agent, each Obligor shall also provide to Agent proof of delivery, copies of invoices and invoice registers, copies of related documents, repayment histories, status reports and other information as Agent may reasonably request. If Accounts in an aggregate face amount of the Dollar Equivalent of \$500,000 or more cease to be Eligible Domestic Accounts or Eligible Foreign Accounts (in each case, as defined in the Revolving Loan Agreement), as applicable, Obligors shall notify

Agent of such occurrence promptly (and in any event within one Business Day) after any Obligor has knowledge thereof.

8.2.2. Taxes. If an Account of any Obligor includes a charge for any Taxes, Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of Borrower within the applicable Borrower Group to which such Obligor is a party and to charge such Borrowers therefor; provided, however, that neither Agent nor Lenders shall be liable for any Taxes that may be due from any Obligor or with respect to any Collateral.

8.2.3. Account Verification. Whether or not a Default or Event of Default exists, Agent shall have the right at any time, in the name of Agent, any designee of Agent or any Obligor, to verify the validity, amount or any other matter relating to any Accounts of Obligors by mail, telephone or otherwise, after giving no less than one (1) Business Days' notice thereof to Borrower Agent if no Default or Event of Default exists. Obligors shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

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8.2.4. Maintenance of Dominion Account. Each Borrower Group shall maintain Dominion Accounts or other dominion arrangements pursuant to lockbox or other arrangements reasonably acceptable to Agent. Each Borrower Group shall obtain an agreement (in form and substance satisfactory to Agent) from each lockbox servicer and Dominion Account bank, establishing Agent's control over and Lien on the lockbox or Dominion Account, which may be exercised by Agent during any Trigger Period, requiring immediate deposit of all remittances received in the lockbox to a Dominion Account, and waiving offset rights of such servicer or bank, except for customary administrative charges. Agent and Lenders assume no responsibility to any Obligor for any lockbox arrangement or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.2.5. Proceeds of Collateral. Each Obligor within a Borrower Group shall request in writing and otherwise take all necessary steps to inform its Account Debtors that all payments on Accounts or otherwise relating to Collateral of such Borrower Group are made directly to a Dominion Account (or a lockbox relating to a Dominion Account) of such Borrower Group. If any Obligor within a Borrower Group receives cash or Payment Items with respect to any Collateral of such Collateral Group, it shall hold the same in trust for Agent and promptly (not later than the next Business Day) deposit same into a Dominion Account.

### **8.3. Administration of Inventory.**

8.3.1. Records and Reports of Inventory. Each Obligor shall keep accurate and complete records of its Inventory, including costs and daily withdrawals and additions, and shall submit to Agent inventory and reconciliation reports in form reasonably satisfactory to Agent, on such periodic basis as Agent may reasonably request, but not more than once per month except while an Event of Default exists. Each Obligor shall conduct a physical inventory at least once per calendar year (and on a more frequent basis if requested by Agent when an Event of Default exists) and periodic cycle counts consistent with historical practices, and shall provide to Agent a report based on each such inventory and count promptly upon completion thereof, together with such supporting information as Required Lenders may reasonably request. Agent may participate in and observe each physical count at its sole cost and expense (except if such participation is pursuant to a regular field examination or during the existence of an Event of Default).

8.3.2. Returns of Inventory. No Obligor shall return any Inventory to a supplier, vendor or other Person, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default or Event of Default exists or would result therefrom; (c) Agent is promptly notified if the aggregate Value of all Inventory returned in any month exceeds the Dollar Equivalent of \$500,000; and (d) any payment received by an Obligor within a Borrower Group for a return is promptly remitted to Agent for application to the Borrower Group Obligations of such Borrower Group.

8.3.3. Acquisition, Sale and Maintenance. Each Obligor shall take all steps to assure that all Inventory is produced in accordance with Applicable Law, including the FLSA and the Gun Control Laws. Except as may occur in the Ordinary Course of Business, no Obligor shall sell any Inventory on consignment or approval or any other basis under which the customer may return or require an Obligor to repurchase such Inventory. Obligors shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

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### **8.4. Administration of Equipment.**

8.4.1. Records and Schedules of Equipment. Each Obligor shall keep accurate and complete records of its Equipment, including kind, quality, quantity, cost, acquisitions and dispositions thereof, and shall submit to Agent, on such periodic basis as Agent may request, but not more than once per month except while an Event of Default exists, a current schedule thereof, in form satisfactory to Required Lenders. Promptly upon request, Obligors shall deliver to Agent evidence of their ownership or interests in any Equipment.

8.4.2. Dispositions of Equipment. No Obligor shall sell, lease or otherwise dispose of any Equipment, without the prior written consent of Agent or Required Lenders, other than (a) a Permitted Asset Disposition; and (b) replacement of Equipment that is worn, damaged or obsolete with Equipment of like function and value, if the replacement Equipment is acquired substantially contemporaneously with such disposition and is free of Liens.

8.4.3. Condition of Equipment. The Equipment is in good operating condition and repair, and all necessary replacements and repairs have been made so that the value and operating efficiency of the Equipment is preserved at all times, reasonable wear and tear excepted. Each Obligor shall use its reasonable efforts to ensure that the Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications. No Obligor shall permit any Equipment to become affixed to real Property unless any landlord or mortgagee delivers a Lien Waiver.

8.5. Administration of Deposit Accounts. Schedule 8.5 sets forth all Deposit Accounts maintained by Obligors, including all Dominion Accounts. Each Obligor within a Borrower Group shall take all actions necessary to establish Agent's control of each such Deposit Account (other than (a) Deposit Accounts exclusively used for payroll, payroll taxes or employee benefits, or (b) Deposit Accounts of an Obligor that became an Obligor hereunder pursuant to a Permitted Acquisition that were in existence prior to the date of such Permitted Acquisition for the period beginning on the date of such Permitted Acquisition through (and including) the date that is sixty (60) days after the date of such Permitted Acquisition (or such later date as Required Lenders may consent to in writing in their discretion), (c) Deposit Accounts containing not more than the Dollar Equivalent of \$400,000 either individually or in the aggregate at any time or (d) Deposit Accounts that are zero balance disbursement accounts). Each Obligor within a Borrower Group shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Agent and, subject to the Intercreditor Agreement, Revolving Agent) to have control over a Deposit Account or any Property deposited therein. Each Obligor within a Borrower Group shall promptly notify Agent of any opening or closing of a Deposit Account maintained by such Obligor and, with the consent of Agent, will amend Schedule 8.5 to reflect same.

### **8.6. General Provisions.**



8.6.1. Location of Collateral. All tangible items of Collateral, other than (i) Inventory in transit, (ii) Inventory having a value less than the Dollar Equivalent of \$500,000 in the aggregate at any one time, (iii) laptops, cellphones, product samples, trade show materials and similar Collateral and (iv) Collateral not constituting Term Loan Priority Collateral, shall at all times be kept by US Obligors and Canadian Obligors within such Borrower Group at the business locations set forth in **Schedule 8.6.1** or such other locations in the United States or Canada as may be agreed by Agent so long as such Collateral is subject to Agent's duly perfected, first priority Lien, and no other Lien other than Permitted Liens described in **Sections 10.2.2(d), (e) and (g)** the Lien of Revolving Lenders so long as the Intercreditor Agreement remains in effect (unless terminated by mutual agreement of the Agent and the Revolving Agent), except that Borrowers may (a) make sales or other dispositions of Collateral in accordance with **Section 10.2.6**; (b) with respect to the US Obligors, move Collateral to another location in the United States, upon 30 Business Days prior written notice to Agent and (c) with respect to the Canadian Obligors, move collateral to another location in Canada, upon 30 Business Days prior written notice to Agent. Without limiting the foregoing, Obligors shall give Agent prompt written notice in the event any US Collateral is located in Canada or any Canadian Collateral is located in any province other than British Columbia or Ontario, Canada, and shall deliver all PPSA financing statements and other documentation requested by Agent in order to ensure such Collateral continues to be subject to Agent's duly perfected, first priority Lien, and no other Lien other than Permitted Liens described in **Sections 10.2.2(d), (e) and (g)** and the Lien of the Revolving Agent so long as the Intercreditor Agreement remains in effect (unless terminated by the mutual agreement of Agent and Revolving Agent).

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8.6.2. Insurance of Collateral; Condemnation Proceeds.

(a) Each Obligor shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (with a Best's Financial Strength Rating of at least A<sub>-</sub> VII, unless otherwise approved by Agent) satisfactory to Agent. All proceeds under each policy of a member of a Borrower Group Obligor shall be payable to Agent and applied to the Borrower Group Obligations, subject to the Intercreditor Agreement. From time to time upon request, Obligors of such Borrower Group shall deliver to Agent the originals or certified copies of its insurance policies and updated flood plain searches. Subject to **Section 7.6(b)** and unless Required Lenders shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as lender's loss payee; (ii) requiring 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Obligor within a Borrower Group fails to provide and pay for any insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge Borrowers within such Borrower Group therefor. Each Obligor agrees to deliver to Agent, promptly as rendered, copies of all reports made to insurance companies. While no Event of Default exists, Obligors may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent or the Revolving Agent as provided in the Intercreditor Agreement. If an Event of Default exists, only Agent or Revolving Agent, as provided in the Intercreditor Agreement, shall be authorized to settle, adjust and compromise such claims. Notwithstanding the foregoing, except as otherwise noted in this clause (a), the covenant contained in this **Section 8.6.2** shall not be applicable with respect to the Acquisition Policies including the Representation and Warranty Policy.

(b) Subject to the terms of the Intercreditor Agreement, any proceeds of insurance (other than proceeds from workers' compensation or D&O insurance) and any awards arising from condemnation or expropriation of any Collateral of a Borrower Group shall be paid to Agent in accordance with **Section 5.2.1(h)**.

(c) If requested by Obligors in writing within 15 days after Agent's receipt of any insurance proceeds or condemnation or expropriation awards relating to any loss or destruction of Equipment or Real Estate of a Borrower Group, Obligors may use such proceeds or awards to repair or replace such Equipment or Real Estate (and until so used, the proceeds shall be held by Agent as Cash Collateral for the Borrower Group Obligations of such Borrower Group) as long as (i) no Default or Event of Default exists; (ii) such repair or replacement is promptly undertaken and concluded, in accordance with plans reasonably satisfactory to Agent for repairs or replacements exceeding the Dollar Equivalent of \$1,000,000; (iii) replacement buildings are constructed which are of comparable size, quality and utility to the destroyed buildings, unless otherwise agreed by Agent; (iv) the repaired or replaced Property is free of Liens, other than Permitted Liens; and (v) for repairs or replacements exceeding the Dollar Equivalent of \$1,000,000, Obligors comply with disbursement procedures for such repair or replacement as Agent may reasonably require.

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8.6.3. Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral of any Borrower Group, all Taxes payable with respect to any Collateral (including any sale thereof) of any Borrower Group, and all other payments required to be made by Agent to any Person to realize upon any Collateral of any Borrower Group, shall be borne and paid by Borrowers within such Borrower Group. Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Obligors' sole risk.

8.6.4. Defense of Title. Each Obligor shall defend its title to Collateral owned by such Obligor and Agent's Liens therein against all Persons, claims and demands, to the extent necessary to ensure that each Obligor has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens (except Permitted Liens); provided, however, that in the case of Non-Term Loan Priority Collateral each Obligor shall not have an obligation to defend its title to Non-Term Loan Priority Collateral with respect to title defects affecting Non-Term Loan Priority Collateral that is immaterial to the business of the Obligors, taken as a whole, if, in its reasonable judgment, it is not commercially reasonable to conduct such defense after taking into account the value of the Non-Term Loan Priority Collateral to the business of the Obligors and the cost of maintaining such defense.

**8.7. Power of Attorney.** Each Obligor within a Borrower Group hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Obligor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. All powers, authorizations and agencies contained herein are coupled with an interest and are irrevocable until this Agreement is terminated or the Agent has resigned or been terminated in accordance with **Section 12.8** (it being understood that any successor Agent shall be entitled to the same powers, authorizations and agencies contained in this **Section 8.7**). Agent, or Agent's designee, may, without notice and in either its or an Obligor's name, but at the cost and expense of Borrowers within such Borrower Group:

(a) endorse such Obligor's name on any Payment Item or other proceeds of Collateral of such Obligor (including proceeds of insurance) that come into Agent's possession or control; and

(b) during an Event of Default, (i) notify any Account Debtors of the assignment of their Accounts, demand and enforce payment of Accounts by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii) settle, adjust, modify, compromise, discharge or release any Accounts or other Collateral, or any legal proceedings brought to collect Accounts or Collateral; (iii) sell or assign any Accounts and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) collect, liquidate and receive balances in Deposit Accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign an Obligor's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to an Obligor, and notify postal authorities to deliver any such mail to an address

designated by Agent; (vii) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Accounts, Inventory or other Collateral; (viii) use an Obligor's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix) use information contained in any data processing, electronic or information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which an Obligor is a beneficiary; and (xii) take all other actions as Agent and Required Lenders deem appropriate to fulfill any Borrower's obligations under the Loan Documents.

## SECTION 9. REPRESENTATIONS AND WARRANTIES

**9.1. General Representations and Warranties.** To induce Agent and Lenders to enter into this Agreement and to make available the Borrower Group Commitments and Loans, each Obligor represents and warrants that:

9.1.1. **Organization and Qualification.** Each Obligor and Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Obligor and Subsidiary is duly qualified, authorized to do business and in good standing as a foreign or extra-provincial, as the case may be, corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

9.1.2. **Power and Authority.** Each Obligor is duly authorized to execute, deliver and perform its Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a) require any consent or approval of any holders of Equity Interests of any Obligor, except those already obtained; (b) contravene the Organic Documents of any Obligor; (c) violate or cause a default under (i) any Applicable Law, (ii) any order, injunction or judgment of any Governmental Authority, (iii) any Material Contract or (iv) with respect to the incurrence of Debt and the granting and regranting of a security interest in the Collateral on the date hereof under the Loan Agreement, and the Revolving Loan Agreement if and to the extent permitted by the Intercreditor Agreement; or (d) result in or require the imposition of any Lien (other than Permitted Liens) on any Obligor's Property.

9.1.3. **Enforceability.** Each Loan Document has been duly executed and delivered by each Obligor party thereto and is a legal, valid and binding obligation of each Obligor party thereto, enforceable in accordance with its terms, except as the enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium and other Applicable Laws affecting creditors' rights generally and by the application of general equitable principles (whether considered in proceedings at law or in equity).

9.1.4. **Capital Structure.** Schedule 9.1.4 shows for each Obligor and Subsidiary, its name, jurisdiction of organization, authorized and issued Equity Interests, holders of its Equity Interests, and agreements binding on such holders with respect to such Equity Interests as of the date hereof after taking into account the Transactions. Except as disclosed on Schedule 9.1.4, in the five years preceding the Closing Date, no Obligor or Subsidiary has acquired any substantial assets from any other Person nor been the surviving entity in a merger or combination. Each Obligor has good title to its Equity Interests in its Subsidiaries, subject only to (i) to the extent subject to the Intercreditor Agreement, the Permitted Lien in favor of the Revolving Agent, (ii) Agent's Lien, and (iii) the Permitted Liens described in Sections 10.2.2(d), (e) and (g) and all such Equity Interests are duly issued, fully paid and non-assessable (to the extent that the jurisdiction of formation of such entity has such concepts). There are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of any Obligor or Subsidiary other than those set forth on Schedule 9.1.4 and those permitted under Section 10.2.17.

9.1.5. **Title to Properties; Priority of Liens.** Each Obligor and Subsidiary has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except (i) Permitted Liens, (ii) as set forth on Schedule 9.1.5 and (iii) in the case of Non-Term Loan Priority Collateral, for title defects affecting such Non-Term Loan Priority Collateral that is immaterial to the business of the Obligors, taken as a whole. Each Obligor and Subsidiary has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral are duly perfected, first priority Liens, subject only to Permitted Liens that are expressly allowed to have priority over Agent's Liens.

9.1.6. **[Reserved].**

9.1.7. **Financial Statements.** The consolidated and consolidating balance sheets, and related statements of income, cash flow and shareholder's equity, of Obligors and Subsidiaries that (i) have been delivered to Agent and Lenders prior to the Closing Date, have been prepared in accordance with GAAP (or (x) in the case of the Canadian Obligors and their Subsidiaries, generally accepted accounting principles in effect on Canada from time to time and (y) in the case of Foreign Subsidiaries, generally accepted accounting principles in effect in the applicable jurisdiction of formation, incorporation or organization, as applicable, of the applicable Foreign Subsidiary from time to time) and fairly present the financial positions and results of operations of Obligors and Subsidiaries at the dates and for the periods indicated and (ii) are hereafter delivered to Agent and Lenders, have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of Obligors and their Subsidiaries at the dates and for the periods indicated. All projections delivered from time to time to Agent and Lenders have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time. Since December 31, 2015, there has been no change in the condition, financial or otherwise, of any Obligor or Subsidiary that could reasonably be expected to have a Material Adverse Effect. Each Obligor is Solvent.

9.1.8. **Surety Obligations.** No Obligor or Subsidiary is obligated as surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder or as set forth on Schedule 9.1.8.

9.1.9. **Taxes.** Each Obligor and Subsidiary has filed all federal, state, provincial, territorial, foreign and material local tax returns and other reports that it is required by law to file, and has paid and remitted, or made provision for the payment and remittance of, all Taxes upon it, its income and its Properties that are due and payable, except to the extent being Properly Contested. The provision for Taxes on the books of each Obligor and Subsidiary for all years not closed by applicable statutes, and for its current Fiscal Year, has been determined in good faith and is believed to be adequate by such Obligor and such Subsidiary.

9.1.10. **Brokers.** There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents except as set forth on Schedule 9.1.10.

9.1.11. **Intellectual Property.** Each Obligor and Subsidiary owns or has the lawful right to use all Intellectual Property used in its business, without conflict

with any rights of others that could reasonably be expected to have a Material Adverse Effect. Except as disclosed on **Schedule 9.1.11**, there are no pending or, to any Obligor's knowledge, threatened Intellectual Property Claims with respect to any Obligor, any Subsidiary or any of their Property (including any Intellectual Property) that has resulted or could reasonably be expected to result in liability of an Obligor with respect to any such Intellectual Property Claim in excess of the Dollar Equivalent of \$1,500,000. Except as disclosed on **Schedule 9.1.11**, no US Borrower or its Subsidiaries pays or owes any Royalty or other compensation to any Person with respect to any Intellectual Property except for Royalties and compensation paid or owed in connection with off-the-shelf software used in the Ordinary Course of Business or Royalties and compensation paid or owed in an amount less than the Dollar Equivalent of \$2,500,000 through the Maturity Date. All registered trademarks, owned common law trademarks material to the business of Obligors, taken as a whole, trademark applications, patents, patent applications, registered copyrights owned or licensed and registered designs as the case may be, by any Obligor are shown on **Schedule 9.1.11**.

9.1.12. **Governmental Approvals.** Each Obligor and Subsidiary has, is in compliance in all material respects with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties, except as set forth on **Schedule 9.1.12**. All necessary import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect, and Obligors and Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.13. **Compliance with Laws.** Each Obligor and Subsidiary has duly complied in all material respects, and its Properties and business operations are in compliance, in all material respects with all Applicable Law, except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to any Obligor or Subsidiary under any Applicable Law. No Inventory has been produced in violation of Applicable Law, including the FLSA or any Gun Control Laws. All material import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral imported or handled in the Ordinary Course of Business have been procured and are in effect, and Obligors and their respective Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where such noncompliance, non- procurement or non-effectiveness could not reasonably be expected to have a Material Adverse Effect.

9.1.14. **Compliance with Environmental Laws.** Except as disclosed on **Schedule 9.1.14**, with respect to each of the US Borrowers as of the Closing Date, no Obligor's or Subsidiary's past or present operations, Real Estate or other Properties are subject to any federal, state, local, provincial, territorial, municipal or foreign investigation to determine whether any material remedial action is needed to address any material environmental pollution, hazardous material or environmental clean-up. No Obligor or Subsidiary has received any Environmental Notice with respect to matters that could reasonably be expected to have a Material Adverse Effect. Except as disclosed on **Schedule 9.1.14**, with respect to each of the US Borrowers as of the Closing Date, no Obligor or Subsidiary has any contingent liability with respect to any Environmental Release, environmental pollution or hazardous material on any Real Estate now or previously owned, leased or operated by it, except for such liabilities which could not reasonably be expected to have a Material Adverse Effect.

9.1.15. **Burdensome Contracts.** No Obligor or Subsidiary is a party or subject to any contract, agreement or charter restriction that could reasonably be expected to have a Material Adverse Effect. No Obligor or Subsidiary is party or subject to any Restrictive Agreement, except as shown on **Schedule 9.1.15** or as permitted pursuant to Section 10.2.14. No such Restrictive Agreement prohibits the execution, delivery or performance of any Loan Document by an Obligor.

9.1.16. **Litigation.** Except as shown on **Schedule 9.1.16**, there are no proceedings or investigations pending or, to any Obligor's knowledge, threatened against any Obligor or Subsidiary, or any of their businesses, operations, Properties, prospects or conditions, that (a) relate to any Loan Documents or transactions contemplated thereby; or (b) could reasonably be expected to have a Material Adverse Effect if determined adversely to any Obligor or Subsidiary. Except as shown on such Schedule, no Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than the Dollar Equivalent of \$400,000). No Obligor or Subsidiary is in default with respect to any order, injunction or judgment of any Governmental Authority.

9.1.17. **No Defaults.** No event or circumstance has occurred or exists that constitutes a Default or Event of Default. No Obligor or Subsidiary is in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default, under any Material Contract or in the payment of any Borrowed Money in excess of the Dollar Equivalent of \$1,500,000. There is no basis upon which any party (other than an Obligor or Subsidiary) could terminate a Material Contract prior to its scheduled termination date except to the extent that any Material Contract by its terms can be terminated at any time with or without the giving of notice.

9.1.18. **ERISA; Canadian Pension Plans.** Except as disclosed on **Schedule 9.1.18**:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, and other federal and state laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Obligors, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Obligor and ERISA Affiliate has met all applicable requirements under the Code, ERISA and the Pension Protection Act of 2006, and no application for a waiver of the minimum funding standards or an extension of any amortization period has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of Obligors, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted in or could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event or Termination Event has occurred or is reasonably expected to occur; (ii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is at least 60%; and no Obligor or ERISA Affiliate knows of any reason that such percentage could reasonably be expected to drop below 60%; (iii) no Obligor or ERISA Affiliate has incurred any liability to the PBGC except for the payment of premiums, and no premium payments are due and unpaid; and (iv) no Obligor or ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) no Pension Plan has been terminated by its plan administrator or the PBGC, and no fact or circumstance exists that could reasonably be expected to cause the PBGC to institute proceedings to terminate a Pension Plan. With respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities, except where the failure to be so registered and maintained could not reasonably be expected to have a Material Adverse Effect.

(e) (i) Each of the Canadian Pension Plans is duly registered under and has been administered in compliance with the Income Tax Act (Canada) and Applicable Pension Legislation other than non-compliance that could not reasonably be expected to result in a Material Adverse Effect; (ii) all obligations of Canadian Obligor and their Subsidiaries (including fiduciary, funding, investment and administration obligations) required to be performed in connection with any Canadian Pension Plan and the funding agreements therefor have been performed in accordance with Applicable Pension Legislation other than non-performance that could not reasonably be expected to result in a Material Adverse Effect; (iii) there are no outstanding disputes, actions, suits or claims concerning the assets of any Canadian Pension Plan other than claims for benefits in the Ordinary Course of Business or claims that could not reasonably be expected to result in a Material Adverse Effect; (iv) Canadian Obligor and their Subsidiaries have withheld and remitted all employee withholdings and have made all employer contributions to be withheld and made by them pursuant to any Applicable Pension Legislation on account of each Canadian Pension Plan, Canadian Benefit Plan and Canadian employment insurance and employee income taxes; (v) no condition exists or transaction has occurred in connection with any Canadian Pension Plan or Canadian Benefit Plan which could result in the incurrence by Canadian Obligor or any of their Subsidiaries of any liability, fine or penalty that could reasonably be expected to result in a Material Adverse Effect; (vi) none of the Canadian Pension Plans provides benefits on a defined benefit basis; (vii) no Lien has arisen, choate or inchoate, in respect of any Canadian Pension Plan (other than with respect to contributions not yet due); and (viii) no Canadian Pension Plan is a multi-employer pension plan within the meaning of Applicable Pension Legislation.

9.1.19. Trade Relations. There exists no actual or threatened termination, limitation or modification of any business relationship between any Obligor or Subsidiary and any customer or supplier, or any group of customers or suppliers, who individually or in the aggregate are material to the business of the Obligor and their Subsidiaries, taken as a whole. There exists no condition or circumstance that could reasonably be expected to impair the ability of any Obligor or Subsidiary to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date.

9.1.20. Labor Relations. Except as described on **Schedule 9.1.20**, as of the Closing Date, no Obligor or Subsidiary is party to or bound by any (a) collective bargaining agreement, (b) management agreement or (c) consulting agreement either (i) entered into outside of the Ordinary Course of Business or (ii) under which the aggregate yearly payments made by the applicable Obligor or Subsidiary is in excess of the Dollar Equivalent of \$500,000 (in each case, excluding, for the avoidance of doubt, sales representative agreements). There are no material grievances, disputes or controversies with any union or other organization of any Obligor's or Subsidiary's employees, or, to any Obligor's knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

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9.1.21. Payable Practices. No Obligor or Subsidiary has made any material change in its historical accounts payable practices from those in effect on the Closing Date, other than those that have been furnished to Agent.

9.1.22. Not a Regulated Entity. No Obligor is (a) an "investment company" or a "person directly or indirectly controlled by or acting on behalf of an investment company" within the meaning of the Investment Company Act of 1940; or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any public utilities code or any other Applicable Law regarding its authority to incur Debt.

9.1.23. Margin Stock. No Obligor or Subsidiary is engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No Loan proceeds will be used by Obligor to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose governed by Regulations T, U or X of the Board of Governors.

9.1.24. Warranty and Recall Claims. Except as set forth on **Schedule 9.1.24**, no products of any Obligor or any Subsidiary are the subject of any warranty or recall claims which could reasonably be expected to be material to the business of the Obligor and their Subsidiaries, taken as a whole.

9.1.25. OFAC. No Borrower, Subsidiary, or any director, officer, employee, agent, affiliate or representative thereof, is or is owned or controlled by any individual or entity that is currently the subject or target of any Sanction or is located, organized or resident in a Designated Jurisdiction.

9.1.26. Material Contracts. No Obligor nor any of their respective Subsidiaries is in default in the performance, observance or fulfillment of (i) any of the material obligations, covenants or conditions contained in any Material Contract to which it is a party or (ii) any other contractual obligations, in each case of clauses (i) and (ii) above, to the extent such default could reasonably be expected to result in a Material Adverse Effect.

9.1.27. Use of Proceeds. The proceeds of the Loans shall be used by the Borrowers solely (a) to pay fees and transaction expenses associated with the closing of this credit facility and (b) for lawful corporate purposes of the Borrowers and their Subsidiaries, including working capital, Capital Expenditures and Investments permitted hereunder; provided that, notwithstanding the foregoing, the proceeds of the Delayed Draw Loans shall be used solely to pay consideration for Permitted Acquisitions and transaction expenses in connection therewith.

**9.2. Complete Disclosure**. No representations or warranties set forth in a Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make such representations and warranties contained therein not materially misleading (except for changes in the nature of an Obligor's or, if applicable, its Subsidiaries' business or operations that may occur after the Closing Date in the Ordinary Course of Business so long as Agent or Required Lenders have consented to such changes or such changes are not violative of any provision of this Agreement). There is no fact, liability or circumstance that any Obligor has failed to disclose to Agent or Lenders in writing that could reasonably be expected to have a Material Adverse Effect. With respect to the Obligor, the representations and warranties set forth in the Loan Documents are true and correct in all material respects as of the Closing Date, except in each instance for the representations and warranties that are made as of a specific date, which shall be deemed made as of such date.

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## SECTION 10. COVENANTS AND CONTINUING AGREEMENTS

**10.1. Affirmative Covenants**. As long as any Borrower Group Commitments or Borrower Group Obligations are outstanding, each Obligor shall, and shall cause each Subsidiary to:

**10.1.1. Inspections; Appraisals**.

(a) Permit Guggenheim or another Lender designated by the Required Lenders (the "Lender Representative") from time to time, subject (except when a Default or Event of Default exists) to reasonable notice and normal business hours, to visit and inspect the Properties of any Borrower or Subsidiary, inspect, audit and make extracts from any Borrower's or Subsidiary's books and records, and discuss with its officers, employees, agents, advisors and independent accountants such Borrower's or Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither the Lender Representative nor any other Lender shall have any duty to any Borrower to make any inspection, nor to share any results of any inspection, appraisal or report with any Borrower; provided, however, that so long as no Default or Event of Default

exists, the Lender Representative agrees, at Borrowers' request, to send Borrowers copies of all appraisals conducted by third parties engaged by it relating to Property of the Obligors. Notwithstanding the foregoing, Borrowers acknowledge that all inspections, appraisals and reports are prepared by the Lender Representative and Lenders for their purposes, and Borrowers shall not be entitled to rely upon them.

(b) Reimburse the Lender Representative for all reasonable charges, costs and expenses of the Lender Representative in connection with examinations of any Obligor's books and records or any other financial or Collateral matters as the Lender Representative deems appropriate, up to one time per Loan Year; provided, however, that if an examination or appraisal is initiated during a Default or Event of Default, all charges, costs and expenses therefor shall be reimbursed by Borrowers without regard to such limits. Borrowers agree to pay the Lender Representative's then standard charges for examination activities, including the standard charges of the Lender Representative's internal examination and appraisal groups, as well as the charges of any third party used for such purposes (it being understood that the Lender Representative's standard charges will be subject to reasonable increases after the Closing Date).

(c) If requested by Agent, each Obligor shall cause appropriate members of its management to participate in one conference call with the Agent and Lenders per Fiscal Quarter at a time to be mutually agreed by the Borrowers and the Agent.

10.1.2. Financial and Other Information. Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Agent and Lenders:

(a) as soon as available, and in any event within 90 days after the close of each Fiscal Year, balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders' equity for such Fiscal Year, on consolidated and consolidating bases for Borrowers and Subsidiaries, which consolidated statements shall be audited and certified (without qualification) by a firm of independent certified public accountants of recognized standing selected by Borrowers and reasonably acceptable to Agent, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information reasonably acceptable to Agent;

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(b) as soon as available, and in any event within 45 days after the end of each Fiscal Quarter, (i) unaudited balance sheets as of the end of such Fiscal Quarter and the related statements of income and cash flow for such Fiscal Quarter and for the portion of the Fiscal Year then elapsed, on consolidated basis for Borrowers and Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by a senior financial officer of Borrower Agent or Safariland as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such Fiscal Quarter and period, subject to normal year-end adjustments and the absence of footnotes, and (ii) a copy of management's summary discussion and analysis with respect to such quarterly financial statements, if management has prepared such a summary discussion and analysis;

(c) as soon as available, and in any event within 30 days after the end of each month (or, if the end of such month is also the end of a Fiscal Quarter, within forty five (45) days after the end of such month), unaudited balance sheets as of the end of such month and the related statements of income and cash flow for such month and for the portion of the Fiscal Year then elapsed, on a consolidated (and, for the last month of the Fiscal Year, consolidating) basis for Obligors and Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by a senior financial officer of Borrower Agent or Safariland as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such month and period, subject to normal year-end adjustments and the absence of footnotes;

(d) concurrently with the delivery of financial statements under clauses (a) and (b) above, or more frequently if requested by Agent while a Default or an Event of Default exists, a Compliance Certificate executed by a senior financial officer of Borrower Agent or Safariland;

(e) concurrently with delivery of financial statements under clauses (a) and (b) above, copies of all management letters and other material reports (if available) submitted to Obligors by their accountants in connection with such financial statements;

(f) not later than 30 days prior to the end of each Fiscal Year, projections of Obligors' consolidated balance sheets, results of operations and cash flow for the next Fiscal Year, month by month;

(g) at Required Lenders' request, a listing of each Obligor's trade payables, specifying the trade creditor and balance due, and a detailed trade payable aging, all in form reasonably satisfactory to Required Lenders;

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(h) promptly after the sending or filing thereof, copies of any proxy statements, financial statements or reports that any Obligor has made generally available to its shareholders; copies of any regular, periodic and special reports or registration statements or prospectuses that any Obligor files with the Securities and Exchange Commission or other similar reports of the nature described above, or any securities exchange; and copies of any press releases or other statements made available by an Obligor to the public concerning material changes to or developments in the business of such Obligor;

(i) promptly after the sending or filing thereof, copies of any annual report, actuarial valuations or other reports to be filed in connection with each Plan, Canadian Pension Plan or Foreign Plan;

(j) upon Required Lenders' request, information regarding any Royalty or other compensation paid, or owing, by any Obligor or Subsidiary to any Person with respect to any Intellectual Property;

(k) such other reports and information (financial or otherwise) as Required Lenders may reasonably request from time to time in connection with any Collateral or any Borrower's, Subsidiary's or other Obligor's financial condition or business;

(l) upon receipt or delivery thereof by or to any Obligor or Subsidiary, any notice of "Default" or "Event of Default" (under and as defined in the Revolving Debt Documents) and, without duplication of any report required to be provided hereunder, each material report required to be provided pursuant to the Revolving Loan Agreement and, upon execution thereof, any waiver, amendment or other modification to the Revolving Debt Documents; and

(m) concurrently with delivery to the directors of Holdings (and in the same manner delivery is made to them), copies of all written materials that are provided to such directors with respect to any meeting of such directors or any written consent in lieu of meeting; provided, however, that the Obligors shall not be obligated hereunder to provide information under this clause (m) if they have reasonably determined in good faith that such disclosure would adversely affect the attorney-client privilege between any Obligor and its counsel.

10.1.3. Notices. Notify Agent and Lenders in writing, promptly after an Obligor's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the threat or commencement of (i) any proceeding or investigation outside the Ordinary Course of Business, whether or not covered by insurance, or (ii) any proceeding or investigation in the Ordinary Course of Business, whether or not covered by insurance, if an adverse determination could reasonably be expected to have a Material Adverse Effect; (b) any pending or threatened material labor dispute, strike or walkout, or the expiration of any material labor contract; (c) any default under or termination of a Material Contract; (d) the existence of any Default or Event of Default or any default or event of default under the Term Loan Debt Documents; (e) any judgment in an amount exceeding the Dollar Equivalent of \$500,000; (f) the assertion of any Intellectual Property Claim, if an adverse resolution could reasonably be expected to have a Material Adverse Effect; (g) any violation or asserted violation of any Applicable Law (including ERISA or Applicable Pension Legislation, OSHA, FLSA, any Environmental Laws or any Gun Control Laws), if an adverse resolution could have a Material Adverse Effect; (h) any material Environmental Release by an Obligor or on any Property owned, leased or occupied by an Obligor; or receipt by an Obligor of any Environmental Notice that could reasonably be expected to affect the Collateral; (i) the occurrence of any ERISA Event or Termination Event; (j) the discharge of or any withdrawal or resignation by Obligors' independent accountants; (k) any opening of a new office or place of business, at least 30 days prior to such opening; (l) any amendment, waiver or modification to any Organic Document; (m) any amendment, waiver or modification to any Material Contract that is material or that would be adverse to the Lenders; or (n) without duplication of any notice required to be provided hereunder, each material notice required to be provided pursuant to the Revolving Loan Agreement.

10.1.4. Landlord and Storage Agreements. Upon request, provide Agent with copies of all existing agreements, and promptly after execution thereof provide Agent with copies of all future agreements, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

10.1.5. Compliance with Laws. Comply with all Applicable Laws, including ERISA, or other Applicable Pension Legislation, Environmental Laws, Gun Control Laws, FLSA, OSHA, Anti-Terrorism Laws, and laws regarding collection and payment of Taxes, maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any material Environmental Release occurs at or on any Properties of any Obligor or Subsidiary, it shall act promptly and diligently to investigate and report to Agent the extent of such Environmental Release.

10.1.6. Taxes. Pay, remit and discharge all Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

10.1.7. Insurance. In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (with a Best Rating of at least A7, unless otherwise approved by Agent) satisfactory to Agent, (a) with respect to the Properties and business of Obligors and Subsidiaries of such type (including product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated; and (b) business interruption insurance in an amount appropriate for a business of the size and character of the business of the Obligors and their Subsidiaries and otherwise acceptable to Required Lenders and subject to an Insurance Assignment satisfactory to Required Lenders.

10.1.8. Licenses. Keep each material License required in connection with the purchase, sale, maintenance or use of any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material Property of Obligors and Subsidiaries in full force and effect; and pay all Royalties when due unless payment has been Properly Contested and, if required by any Lender, a reserve has been implemented with respect to such payment.

10.1.9. Future Subsidiaries. Promptly notify Agent upon any Person becoming a Subsidiary after the Closing Date and:

(a) if such Person is a Domestic Subsidiary, cause it, and the other Obligors, as applicable, to:

(i) execute and deliver to Agent a US Joinder Agreement, and such other supplements or amendments to this Agreement or the other Loan Documents as Required Borrower Group Lenders deem necessary or advisable to grant to Agent, for the benefit of the Secured Parties, a perfected Lien (subject only to the Lien of the Revolving Agent) in 100% of the Equity Interests of such new Subsidiary that is owned by any Obligor;

(ii) deliver to Agent evidence that any certificates representing such Equity Interests, together with an undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor or any such Subsidiary have been delivered to Agent;

(iii) cause such new Subsidiary to (A) become a US Guarantor under this Agreement, (B) take such actions as Required Borrower Group Lenders in good faith deem are necessary or appropriate to grant to Agent, for the benefit of the Secured Parties, a perfected Lien in the Collateral in which such new Subsidiary has an interest having the priority specified in the Intercreditor Agreement for such Collateral, including the filing of UCC financing statements in such jurisdictions as may be deemed necessary or appropriate by Required Borrower Group Lenders and (C) deliver to Agent a perfection certificate of such new Subsidiary in form and substance reasonably satisfactory to Agent, duly executed on behalf of such Subsidiary; and

(iv) if requested by Required Borrower Group Lenders, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Required Borrower Group Lenders.

(b) if such Person is a Canadian Subsidiary, cause it, and the other Obligors, as applicable, to:

(i) execute and deliver to Agent a Canadian Joinder Agreement and such other supplements or amendments to this Agreement or the other Loan Documents as Required Borrower Group Lenders deem necessary or advisable to grant to Agent, for the benefit of the Secured Parties, a perfected Lien in 100% of the Equity Interests of such new Subsidiary;

(ii) deliver to Agent evidence that any certificates representing such equity interests, together with an undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor or any such Subsidiary have been delivered to Agent;

(iii) cause such new Subsidiary to (A) become a Canadian Borrower (or, if Required Borrower Group Lenders require, a Canadian Guarantor), (B) take such actions as Required Borrower Group Lenders in good faith deem are necessary or appropriate to grant to Agent, for the benefit of the Secured Parties, a perfected Lien in the Collateral in which such new Subsidiary has an interest having the priority specified in the Intercreditor Agreement for such Collateral, including the filing of PPSA financing statements in such jurisdictions as may be deemed necessary or appropriate by Required Borrower Group Lenders and (C) deliver to Agent a perfection certificate of such new Subsidiary in form and substance reasonably satisfactory to Agent, duly executed on behalf of such Subsidiary; and

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(iv) if requested by Required Borrower Group Lenders, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Required Borrower Group Lenders.

(c) if such Person is a first-tier Foreign Subsidiary of an Obligor that is not a Canadian Subsidiary, cause it, and the other Obligors, as applicable, to:

(i) execute and deliver to Agent such supplements or amendments to this Agreement and the other Loan Documents as Required Borrower Group Lenders deem necessary or appropriate to grant to Agent, for the benefit of the Borrower Group Secured Parties, a perfected Lien (subject only to the Lien of the Revolving Agent) in 100% of the Equity Interests of each such Subsidiary; and

(ii) deliver to Agent evidence that any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor have been delivered to Agent.

(d) if, as of the end of any fiscal quarter, (x) any Foreign Subsidiary (excluding Canadian Subsidiaries), when taken together with all other Foreign Subsidiaries organized or incorporated under the laws of the same jurisdiction as such Foreign Subsidiary, collectively constitutes more than 5.0% of the aggregate revenues and/or 10% of the consolidated total assets, in each case, of the Obligors and their Subsidiaries taken as a whole, and/or (y) the consolidated EBITDA of all Foreign Subsidiaries (excluding Canadian Subsidiaries) that do not guaranty any of the Obligations (all such Subsidiaries, the “Non-Obligor Subsidiaries”) is greater than 20% of the consolidated EBITDA of Holdings and all of its Subsidiaries ((x) and (y), the “Foreign Security Thresholds”), cause the applicable Obligors to promptly notify Agent and:

(i) (A) to the extent necessary to comply with the Foreign Security Thresholds, take such actions as Agent in good faith deem are necessary or appropriate to grant to Agent, for the benefit of the Secured Parties, a perfected Lien in the Collateral in which each such Subsidiary has an interest securing the Obligations, including the filing or registration of such Liens as may be deemed necessary or appropriate by Agent, (B) deliver to Agent a perfection certificate of each such Subsidiary in form and substance reasonably satisfactory to Agent, duly executed on behalf of such Subsidiary and (C) execute and deliver a Guaranty, in form and substance reasonably acceptable to Agent, to guarantee payment or performance of the Obligations; provided that, (i) if Borrower Agent reasonably determines in good faith (in consultation with Agent) that the granting of Liens and delivery of the Guaranty set forth in the preceding clauses (A) and (C), respectively, in respect of the US Obligations would result in adverse tax consequences which are not de minimis then such Liens and Guaranty shall be limited to the Canadian Obligations; and (ii) Agent shall consult with Borrower Agent with respect to the relevant costs and burdens relating to any such actions before the requirement of same so that they may discuss any alternative less costly or burdensome measures in order to comply with the Foreign Security Thresholds; and

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(ii) if requested by Required Borrower Group Lenders, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Required Lenders;

provided, that, notwithstanding the foregoing, if, in the reasonable discretion of the Agent, the taking of any of the actions set forth in (i)-(ii) of this clause (d), or the continued maintenance of such guarantees and security, would result in present and future costs to the Obligors (including adverse tax consequences) which are excessive in relation to the relative benefits of such guarantees and security accruing to the Secured Parties, the Agent shall have the discretion to limit or release the guarantees and security to reduce such present and future costs to the Obligors.

10.1.10. Conduct of Business and Maintenance of Existence and Assets. To (a) conduct continuously and operate actively its business according to good business practices and maintain all of its properties useful or necessary in its business in good working order and condition in accordance with industry standards (reasonable wear and tear and casualty excepted and except as may be disposed of in accordance with the terms of this Agreement), and take all actions necessary to enforce and protect the validity of any intellectual property right or other right included in the Collateral where the failure to do so could reasonably be expected to have a Material Adverse Effect; (b) keep in full force and effect its existence and comply in all material respects with the laws and regulations governing the conduct of its business where the failure to do so could reasonably be expected to have a Material Adverse Effect; and (c) make all such reports and pay all such franchise and other Taxes and license fees and do all such other acts and things as may be lawfully required to maintain its rights, licenses, leases, powers and franchises under the laws of the United States, the laws of Canada, or any political subdivision of either of the foregoing, where the failure to do so could reasonably be expected to have a Material Adverse Effect.

10.1.11. Payment of Debt. Pay, discharge or otherwise satisfy at or before maturity (subject, where applicable, to specified grace periods and, in the case of the trade payables, to normal payment practices) all its obligations and liabilities of whatever nature, except when the failure to do so could not reasonably be expected to have a Material Adverse Effect or when the amount or validity thereof is currently being Properly Contested, subject at all times to any applicable subordination arrangement in favor of Lenders.

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10.1.12. Margin Regulations. No Loan proceeds will be used by Obligors to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose governed by Regulations T, U or X of the Board of Governors.

10.1.13. Amendment to Revolving Loan Documents. If any amendment or modification to the Revolving Debt Documents amends or modifies any covenant (including any financial covenant) or event of default contained in the Revolving Debt Documents (or any related definitions), in each case, in a manner that is more restrictive than the applicable provisions permit as of the date thereof, or if any amendment or modification to the Revolving Loan Agreement or other Revolving Debt Document adds an additional covenant or event of default therein, the Obligors acknowledge and agree that this Agreement or the Loan Documents, as the case may be, shall be automatically amended or modified to affect similar amendments or modifications with respect to this Agreement or such Loan Documents, without the need for any further action or consent by any Borrower or any other party. In furtherance of the foregoing, the Obligors shall permit the Agent and Lenders to document each such similar amendment or modification to this Agreement or such Loan Document or insert a corresponding new covenant or event of default in this Agreement or such Loan Document without any need for any further action or consent by the Obligors.

10.1.14. [Reserved].

10.1.15. [Reserved].

10.1.16. Required Revolving Loan Payments. If "Total Revolver Exposure" (as defined in the Revolving Loan Agreement) exceeds the Maximum Revolving Facility Amount at any time, Borrowers shall, within five (5) Business Days, pay the Revolving Loans in an aggregate amount equal to the amount of such excess.

**10.2. Negative Covenants.** As long as any Commitments or Obligations are outstanding, each Obligor shall not, and shall cause each Subsidiary not to:

10.2.1. Permitted Debt. Create, incur, guarantee or suffer to exist any Debt, except:

- (a) the Obligations;
- (b) the Revolving Debt subject to the terms of the Intercreditor Agreement as in effect on the Closing Date and in an amount not to exceed the Maximum Revolving Facility Amount;
- (c) Subordinated Debt;
- (d) Permitted Purchase Money Debt;
- (e) Borrowed Money listed on **Schedule 10.2.1** hereto (other than the Obligations, Subordinated Debt and Permitted Purchase Money Debt);
- (f) Debt with respect to Bank Products (as defined in the Revolving Loan Agreement) incurred in the ordinary course of business;
- (g) Debt that is in existence when a Person becomes a Subsidiary or that is secured by an asset when acquired by an Obligor or Subsidiary, as long as such Debt was not incurred in contemplation of such Person becoming a Subsidiary or such acquisition, and does not exceed the Dollar Equivalent of \$5,000,000 in the aggregate at any time;

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- (h) Permitted Contingent Obligations;
- (i) Refinancing Debt as long as each Refinancing Condition is satisfied;
- (j) unsecured obligations under Hedging Agreements not entered into for speculative purposes and not otherwise prohibited by this Agreement; provided that such Hedging Agreements do not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;
- (k) any earn-out or deferred compensation payments in respect of any Permitted Acquisition so long as such payments (i) constitute Subordinated Debt and are subordinated to the Full Payment of the Obligations and (ii) do not exceed (x) the Dollar Equivalent of \$6,000,000 for any single Permitted Acquisition and (y) the Dollar Equivalent of \$15,000,000 for all Permitted Acquisitions made during the term of this Agreement;
- (l) Debt arising under any performance or surety bond, in each case, entered into in the Ordinary Course of Business and not constituting Borrowed Money;
- (m) Debt that is not included in any of the other clauses of this **Section 10.2.1**, is not secured by a Lien and does not exceed the Dollar Equivalent of \$7,500,000 in the aggregate at any time;
- (n) Debt owing by (i) one or more members of the Target A Group in an aggregate amount outstanding at any time not to exceed the Dollar Equivalent of \$6,500,000, and (ii) Foreign Subsidiaries (other than members of the Target A Group) in an aggregate amount outstanding at any time not to exceed the Dollar Equivalent of \$5,000,000, in each case to Persons other than Agent and Lenders and so long as no Obligor guarantees such Debt and such Debt is not secured by the Collateral;
- (o) Debt incurred in connection with a Permitted Acquisition, to the extent permitted under the definition of Permitted Acquisition, that consists of Debt existing prior to the consummation of the Permitted Acquisition (and not incurred in contemplation thereof) that is permitted to be assumed by the Obligors pursuant to (and subject to the limitations set forth in) clause (d) above as Permitted Purchase Money Debts and does not constitute a revolving credit facility; and
- (p) Debt of a US Obligor that is owed to another US Obligor to the extent otherwise permitted hereunder;
- (q) Debt of a Canadian Obligor that is owed to another Canadian Obligor to the extent otherwise permitted hereunder;
- (r) Debt of a Foreign Obligor that is owed to another Obligor to the extent otherwise permitted hereunder;

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(s) Debt of a Non-Obligor Subsidiary that is owed to another Non- Obligor Subsidiary or an Obligor to the extent otherwise permitted hereunder;

(t) (i) (A) unsecured Debt of a Canadian Obligor or a Foreign Obligor that is owed to a US Obligor or (B) unsecured Debt of a Foreign Obligor that is owed to a Canadian Obligor, in each case so long as the following conditions are satisfied:

(I) at the time of the incurrence of such Debt, no Default or Event of Default exists,

(II) at the time of the incurrence of such Debt, Average Availability for the 60-day period immediately preceding such incurrence calculated on a pro forma basis assuming such incurrence occurred on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such Debt) shall be greater than or equal to the greater of

(1) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and

(2) \$6,500,000,

(III) at the time of the incurrence of such Debt, Availability, on any date after giving effect to the incurrence of such Debt (including any Loans made hereunder to finance such Debt) shall be greater than or equal to the greater of

(1) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and

(2) \$6,500,000,

(IV) at the time of the incurrence of such Debt, Obligors provide Lender Representative evidence that, after giving effect to the incurrence of such Debt, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended,

(V) each Obligor shall be Solvent both before and after giving effect to the incurrence of such Debt and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Lenders, not less than five Business Days prior to the date of the incurrence of such Debt, that all such conditions have been satisfied;

(VI) such Debt is not secured by a Lien; and

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(VII) such Debt is evidenced by a promissory note or debt agreement that is pledged or collaterally assigned to Agent as security for the Obligations having the priority set forth in the Intercreditor Agreement;

(ii) Debt that is owed by Dutch CV Holdco or a New Foreign Holdco to Safariland pursuant to each Canadian IDA and the UK IDA (plus and capitalized interest thereon); (iii) Debt that is owed by a Canadian Obligor to a Non-Obligor Subsidiary in an aggregate principal amount not to exceed the aggregate principal amount of Debt owned by Dutch CV Holdco or a New Foreign Holdco to Safariland pursuant to each Canadian IDA (plus any capitalized interest thereon) and (iv) Debt that is owed to Dutch CV Holdco or a New Foreign Holdco by a direct Subsidiary of Dutch CV Holdco or a New Foreign Holdco in an aggregate principal amount not to exceed the aggregate principal amount of Debt owed by Dutch CV Holdco or a New Foreign Holdco to Safariland pursuant to each Canadian IDA and the UK IDA (plus any capitalized interest thereon);

(u) Debt incurred in connection with the financing of insurance premiums, incurred in the Ordinary Course of Business;

(v) Debt in the form of indemnification obligations by Safariland in favor of Vievu Purchaser and certain of its affiliates arising under the Vievu Purchase Agreement;

(w) Debt in the form of indemnification obligations by Safariland in favor of Mustang Purchaser and certain of its affiliates arising under the Mustang Purchase Agreement; and

(x) so long as no Default or Event of Default shall have occurred and be continuing as of the date of incurrence thereof, Debt of Foreign Subsidiaries who are not Obligors in an aggregate amount not to exceed \$35,000,000 at any one time outstanding; provided that such Indebtedness is incurred or assumed in connection with an Investment permitted hereunder (including any Permitted Acquisition), is not recourse to any of the Obligors, and is not secured by the Collateral.

10.2.2. Permitted Liens. Create or suffer to exist any Lien upon any of its Property, except the following (collectively, 'Permitted Liens')

(a) Liens in favor of Agent;

(b) Liens in favor of the Revolving Agent (including, without limitation, Liens on Canadian Collateral) securing the Revolving Debt Obligations permitted hereunder so long as the Intercreditor Agreement remains in full force and effect with respect thereto (unless terminated by mutual agreement of Agent and Revolving Agent);

(c) Purchase Money Liens securing Permitted Purchase Money Debt;

(d) Liens for Taxes not yet due or being Properly Contested;

(e) statutory Liens (other than Liens for Taxes or imposed under ERISA or Applicable Pension Legislation) arising in the Ordinary Course of Business, but only if (i) payment of the obligations secured thereby is not yet due or is being Properly Contested, and (ii) such Liens do not materially impair the value or use of the Property or materially impair operation of the business of any Borrower or Subsidiary;

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- (f) Liens incurred or deposits made with respect to a Borrower Group in the Ordinary Course of Business to secure the performance of tenders, bids, leases, contracts (except those relating to Borrowed Money), statutory obligations and other similar obligations, or arising as a result of progress payments under government contracts, in each case, with respect to such Borrower Group, as long as such Liens are at all times junior to Agent's Liens;
- (g) Liens arising in the Ordinary Course of Business that are subject to Lien Waivers;
- (h) Liens arising by virtue of a judgment or judicial order against any Obligor or Subsidiary, or any Property of an Obligor or Subsidiary, as long as such Liens are (i) in existence for less than 30 consecutive days or being Properly Contested, and (ii) at all times junior to Agent's Liens;
- (i) easements, rights-of-way, restrictions, covenants or other agreements of record, and other similar charges or encumbrances on Real Estate, that do not secure any monetary obligation and do not interfere with the Ordinary Course of Business;
- (j) with respect to Collateral consisting of Real Estate, Liens that are exceptions to the commitments for title insurance issued in connection with the Mortgage encumbering such real property (including the items reflected on **Schedule A** to each such commitment (copies of which have been made available to the Agent on or prior to the Closing Date));
- (k) normal and customary rights of setoff upon deposits in favor of depository institutions, and Liens of a collecting bank on Payment Items in the course of collection;
- (l) Liens shown on **Schedule 10.2.2(l)**;
- (m) licenses, sublicenses, leases or subleases of Intellectual Property granted by the Borrowers or any of their respective Subsidiaries to the extent such licenses, sublicenses, leases or subleases are permitted by **Section 10.2.6**;
- (n) possessory Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the Ordinary Course of Business;
- (o) Liens securing Debt owing by Foreign Subsidiaries that are not Obligors to Persons other than Agent and Lenders permitted pursuant to **Section 10.2.1(n)** or **Section 10.2.1(x)** so long as such Debt is not recourse to any Obligor and such Debt is not secured by the Collateral; and
- (p) Liens exclusively on unearned premiums relating to debt incurred in the Ordinary Course of Business in connection with the financing of insurance premiums, other than with respect to business interruption insurance, property insurance and automobile insurance premiums; provided, that the amount of debt secured by such Liens shall not exceed the Dollar Equivalent of \$6,000,000 in any twelve-month period.

10.2.3. Landlord Waivers. Until Borrowers have delivered to Agent a Lien Waiver executed by the landlord and the sublandlord relating to the premises leased by Borrowers and located at 2065 Franklin Road, Bloomfield, Michigan 48302, the Borrowers shall not maintain equipment, inventory and Term Loan Priority Collateral at such premises in excess of the Dollar Equivalent of \$250,000. Until Borrowers have delivered to Agent a Lien Waiver executed by the landlord relating to the premises leased by Borrowers and located at 8001 Belfort Parkway, Jacksonville, Florida 32218, the Borrowers shall not maintain equipment, inventory and Term Loan Priority Collateral at such premises in excess of the Dollar Equivalent of \$250,000.

10.2.4. Distributions; Upstream Payments. Declare or make any Distributions, except (a) Permitted Distributions, (b) a Permitted Foreign Restructuring Transaction, (c) Upstream Payments; or create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary to make any Upstream Payment, except for restrictions under the Loan Documents, under Applicable Law or in effect on the Closing Date as shown on **Schedule 9.1.15**.

10.2.5. Restricted Investments. Make any Restricted Investment.

10.2.6. Disposition of Assets. Make any Asset Disposition, except (a) a Permitted Asset Disposition, (b) a disposition of Equipment under **Section 8.4.2**, (c) a transfer of Property by a Canadian Subsidiary or Canadian Obligor to a Canadian Borrower or another Canadian Obligor, (d) a transfer of Property by a Foreign Subsidiary to a US Obligor (or, if such Foreign Subsidiary's direct parent is a Canadian Obligor, to such Canadian Obligor), (e) a transfer of Property by a Domestic Subsidiary or US Obligor to a US Borrower or another US Obligor or (f) a Permitted Foreign Restructuring Transaction.

10.2.7. Loans. Make any loans or other advances of money to any Person, except (a) advances to an officer or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (b) loans or advances to officers or employees in the Ordinary Course of Business pursuant to and in accordance with the terms of any Plan in an aggregate amount not to exceed the Dollar Equivalent of \$1,500,000 at any time; (c) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (d) deposits with financial institutions permitted hereunder; (e) as long as no Default or Event of Default exists, intercompany loans by a US Borrower to a US Obligor or by a US Obligor to another US Obligor; (f) as long as no Default or Event of Default exists, intercompany loans by the Canadian Borrowers to a Canadian Obligor or by a Canadian Obligor to another Canadian Obligor; (g) as long as no Default or Event of Default exists, intercompany loans by a Foreign Obligor to another Foreign Obligor; (h) as long as no Default or Event of Default exists, intercompany loans by a Non-Obligor Subsidiary to another Non-Obligor Subsidiary; (i) loans permitted by **Section 10.2.1(t)**; (j) loans existing as of the Closing Date and set forth on **Schedule 10.2.7**; and (k) the Supplemental ICP Loan.

10.2.8. Restrictions on Payment of Certain Debt. Make any payments (whether voluntary or mandatory, or a prepayment, redemption, retirement, defeasance or acquisition) with respect to any:

- (a) Subordinated Debt (other than Subordinated Debt of the type described in the following clause (b)), except regularly scheduled payments of principal, interest and fees, but only to the extent permitted under any subordination agreement relating to such Debt (and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all conditions under such agreement have been satisfied);

- (b) Subordinated Debt constituting earn-out or deferred compensation payments in respect of any Permitted Acquisition or Debt of the type permitted by **Sections 10.2.1(m), (n), (r)** and **(s)** except payments made when the following conditions are satisfied:

- (i) no Default or Event of Default has occurred or would result from such payment,

(ii) Average Availability for the 60 day period immediately preceding such payment calculated on a pro forma basis assuming such payment occurred on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such payment) shall be greater than or equal to the greater of

(A) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement); and

(B) \$6,500,000,

(iii) Availability, on the date of such payment immediately after giving effect to the consummation of such payment (including any Revolving Loans made under the Revolving Loan Agreement to finance such payment) shall be greater than or equal to the greater of

(A) 15% of the aggregate Commitments (as defined in the Revolving Loan Agreement); and

(B) \$6,500,000,

(iv) Borrowers provide Agent evidence that after giving effect to the consummation of such payment, Borrowers and the Canadian Obligors on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended,

(v) after giving effect to the consummation of such payment, the Leverage Ratio of the Obligors, on a consolidated basis, is less than or equal to the Subject Leverage Ratio; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended,

(vi) no Borrower or Guarantor will be rendered not Solvent by such payment and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all such conditions have been satisfied);

(c) Revolving Debt, but only to the extent each such payment is prohibited by the terms of the Intercreditor Agreement as in effect as of the date hereof without amendment, supplement or modification; or

(d) Borrowed Money (other than the Obligations, the Revolving Debt and Debt of the type permitted by **Sections 10.2.1(m), (n), (r), (s) and (t)**) prior to its due date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Agent or Required Lenders), except payments not in excess of the Dollar Equivalent of \$1,000,000 per Fiscal Year on Borrowed Money so long as no Default or Event of Default exists at the time of such payment or would result therefrom; or

(e) Debt of the type permitted by **Section 10.2.1(t)**, except payments made when no Default or Event of Default exists at the time of such payment or would result therefrom.

10.2.9. Fundamental Changes. Change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; change its form or state of organization (except with respect to each of the foregoing, without giving Agent at least 30 days (or such shorter period as may be agreed to by Agent in its discretion) prior written notice thereof and complying with all reasonable requirements of Agent in regard thereto, including with respect to delivery of all documents, certificates, opinions, and information reasonably requested by Agent to maintain the validity, perfection, and priority of the security interests of Agent in the Collateral); liquidate, wind up its affairs or dissolve itself; or merge, combine, consolidate or amalgamate with any Person, whether in a single transaction or in a series of related transactions, except for (a) mergers, amalgamations or consolidations of a wholly-owned Domestic Subsidiary that is a US Obligor with another wholly-owned Domestic Subsidiary that is a US Obligor or with a US Borrower; provided, that in the case of any merger or consolidation with a US Borrower, a US Borrower shall be the surviving Person; (b) mergers, amalgamations or consolidations of a wholly-owned Canadian Subsidiary that is a Canadian Guarantor with another wholly-owned Canadian Subsidiary that is a Canadian Guarantor or with a Canadian Borrower; provided, that in the case of any merger, amalgamation or consolidation with a Canadian Borrower, a Canadian Borrower shall be the surviving or continuing Person; or (c) Permitted Acquisitions.

10.2.10. Subsidiaries. Form or acquire any Subsidiary after the Closing Date, except in accordance with **Sections 10.1.9, 10.2.5 and 10.2.9**; or permit any existing Subsidiary to issue any additional Equity Interests except director's qualifying shares.

10.2.11. Organic Documents. Amend, modify or otherwise change any of its Organic Documents, except (i) in connection with a transaction permitted under **Section 10.2.9** or (ii) in a manner that could not reasonably be expected to have an adverse effect on the Lenders.

10.2.12. Tax Consolidation. File or consent to the filing of any consolidated income tax return with any Person other than Obligors and Subsidiaries.

10.2.13. Accounting Changes. Make any material change in accounting treatment or reporting practices, except as allowed or required by GAAP and in accordance with **Section 1.2**; or change its Fiscal Year.

10.2.14. Restrictive Agreements. Become a party to any Restrictive Agreement, except a Restrictive Agreement (a) in effect on the Closing Date; (b) relating to secured Debt permitted hereunder, as long as the restrictions apply only to collateral for such Debt; or (c) constituting customary restrictions on assignment in leases and other contracts.

10.2.15. Hedging Agreements. Enter into any Hedging Agreement, except to hedge risks arising in the Ordinary Course of Business and not for speculative purposes.

10.2.16. Conduct of Business. Engage in any business, other than its business as conducted on the Closing Date, any activities reasonably related or incidental thereto, or engage in a business reasonably similar, ancillary, related or complementary thereto or that is a reasonable extension, development or expansion thereof.

10.2.17. Affiliate Transactions. Enter into or be party to any transaction with an Affiliate, except (a) transactions expressly permitted by the Loan Documents; (b) payment of reasonable compensation to officers, employees and consultants who are Affiliates, in each case for services actually rendered, and payment of customary directors' fees and indemnities (including severance and indemnification arrangements with officers and employees in the Ordinary Course of Business and participation in stock option plans and employee benefit plans and arrangements in the Ordinary Course of Business); (c) transactions solely among US Borrowers or US Obligors; (d) transactions solely among Canadian Obligors; (e) transactions solely among Foreign Obligors; (f) transactions solely among Non-Obligor Subsidiaries; (g) transactions with Affiliates that were consummated on or prior to the Closing Date, as shown on **Schedule 10.2.17** or as otherwise agreed by Required Lenders; (h) sales of Inventory and services between Obligors in the Ordinary Course of Business and sales of Equipment constituting Permitted Asset Dispositions, in each case, upon fair and reasonable terms; (i) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms and no less favorable than would be obtained in a comparable arm's-length transaction with a non-Affiliate; and (j) a Permitted Foreign Restructuring Transaction.

10.2.18. Plans. Become party to any Multiemployer Plan, Canadian Pension Plan or Foreign Plan, other than any in existence on the Closing Date.

10.2.19. Amendments to Revolving Debt and Subordinated Debt

(a) Amend, supplement or otherwise modify any document, instrument or agreement relating to the Revolving Debt; provided, however, that Obligors may amend, restate, supplement or otherwise modify any Revolving Debt Document to the extent expressly permitted under the terms of the Intercreditor Agreement; or

(b) Amend, supplement or otherwise modify any document, instrument or agreement relating to any Subordinated Debt, if such modification (i) increases the principal balance of such Debt, or increases any required payment of principal or interest; (ii) accelerates the date on which any installment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (iii) shortens the final maturity date or otherwise accelerates amortization; (iv) increases the interest rate; (v) increases or adds any material fees or material charges; (vi) (A) modifies any covenant in a manner, or (B) adds any representation, covenant or default that is more onerous or restrictive in any material respect for any Obligor or Subsidiary, or that is otherwise materially adverse to any Obligor, any Subsidiary or Lenders; or (vii) results in the Obligations not being fully benefited by the subordination provisions thereof.

10.2.20. Operating Leases. Become or remain liable, directly or indirectly, as lessee or guarantor or other surety with respect to operating leases to the extent the amount payable thereunder would exceed (in any Fiscal Year) the greater of (x) the Dollar Equivalent of \$1,250,000 or (y) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination, in the aggregate, except with respect to the operating leases in effect as of the Closing Date as set forth on **Schedule 10.2.20**; provided that, any increase in the amount of such leases shall count towards the calculation of the basket set forth in this **Section 10.2.20**.

10.2.21. Management Fees. Pay any management fees pursuant to any management agreement or otherwise. For purposes hereof, "management fees" shall mean any remuneration paid or payable to a management or similar company which has an ownership interest in any Obligor or manages any Obligor or its assets on behalf of such Obligor, and which is comprised of a fixed or determined fee or a percentage of income or revenue.

**10.3. Financial Covenants**. As long as any Commitments or Obligations are outstanding, Obligors shall not:

10.3.1. Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio for any four-Fiscal Quarter period, beginning with the four-Fiscal Quarter period ending September 30, 2020, to be less than 1.10:1.00.

10.3.2. Leverage Ratio. Permit the Leverage Ratio as of the last day of any Fiscal Quarter, beginning with the Fiscal Quarter ending September 30, 2020, to exceed the correlative ratio indicated:

<b>Fiscal Quarter</b>	<b>Leverage Ratio</b>
Each Fiscal Quarter ended during the period from September 30, 2020 through and including September 30, 2022	7.50:1.00
Each Fiscal Quarter ended during the period from December 31, 2022 through and including September 30, 2024	7.00:1.00
Each Fiscal Quarter ended thereafter	6.50:1.00

**SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT**

**11.1. Events of Default**. Each of the following shall be an "Event of Default" if it occurs for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

(a) An Obligor in any Borrower Group fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan of such Borrower Group or (ii) within three Business Days after the same becomes due, interest on any Loan to such Borrowers within such Borrower Group, or any commitment or other fee of such Borrower Group due hereunder or (iii) within five Business Days after the same becomes due, any other Obligation of such Borrower Group payable hereunder or under any other Loan Document;

(b) Any representation, warranty or other written statement of an Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given;

(c) An Obligor breaches or fails to (i) perform any covenant contained in **Section 7.2, 7.3, 7.4, 7.6, 8.2.4, 8.2.5, 8.6.2, 10.1.1, 10.1.2, 10.2** or **10.3** or (ii) perform any covenant contained in Section 8.1 and such breach or failure is not cured within two (2) Business Days; provided, however, that such opportunity to cure shall not be available to Obligor more than three (3) times during any Fiscal Year;

(d) An Obligor breaches or fails to perform any other covenant contained in any Loan Documents, and such breach or failure is not cured within 15 days after a Senior Officer of such Obligor has knowledge thereof or receives notice thereof from Agent, whichever is sooner; provided, however, that such notice and

opportunity to cure shall not apply if the breach or failure to perform is not capable of being cured within such period or is a willful breach by an Obligor;

(e) A Guarantor repudiates, revokes or attempts to revoke its Guaranty; an Obligor or third party denies or contests the validity or enforceability of any Loan Documents or Obligations, or the perfection or priority of any Lien granted to Agent; or any Loan Document ceases to be in full force or effect for any reason (other than a waiver or release by Agent and Lenders);

(f) Any breach or default of an Obligor occurs under any Hedging Agreement, any Revolving Loan Document or under any instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Debt (other than the Obligations) in excess of the Dollar Equivalent of \$2,500,000, if the maturity of or any payment with respect to such Debt may be accelerated or demanded due to such breach;

(g) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, individually or cumulatively with all unsatisfied judgments or orders against all Obligors, the Dollar Equivalent of \$2,500,000 (net of insurance coverage therefor that has not been denied by the insurer) or any material nonmonetary judgment or order is entered against an Obligor, unless a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise;

(h) A loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds the Dollar Equivalent of \$2,000,000;

(i) An Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any business that is material to the Obligors and their Subsidiaries, taken as a whole; an Obligor suffers the loss, revocation or termination of any license, permit, lease or agreement that is material to the Obligors and their Subsidiaries, taken as a whole; there is a cessation of any part of an Obligor's business that is material to the Obligors and their Subsidiaries, taken as a whole, for a material period of time; any Collateral or Property of an Obligor that is material to the Obligors are their Subsidiaries, taken as a whole, is taken or impaired through condemnation; an Obligor agrees to or commences any liquidation, dissolution or winding up of its affairs; or an Obligor is not Solvent;

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(j) An Insolvency Proceeding is commenced by an Obligor; an Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally; a Creditor Representative is appointed to take possession of any substantial Property of or to operate any of the business of an Obligor; or an Insolvency Proceeding is commenced against an Obligor and such Obligor consents to institution of the proceeding, the petition or other filing commencing the proceeding is not timely contested by such Obligor, the petition or other filing is not dismissed within 60 days after filing, or an order for relief is entered in the proceeding;

(k) (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of an Obligor to a Pension Plan, Multiemployer Plan or PBGC in excess of the Dollar Equivalent of \$2,500,000, or that constitutes grounds for appointment of a trustee for or termination by the PBGC of any Pension Plan or Multiemployer Plan; an Obligor or ERISA Affiliate fails to pay when due any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan if such failure could reasonably be expected to result in a liability of an Obligor in excess of the Dollar Equivalent of \$2,500,000; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan; or (ii) a Termination Event occurs with respect to a Canadian Pension Plan that has resulted or could reasonably be expected to result in a liability of any Canadian Obligor in excess of the Dollar Equivalent of \$2,500,000 and which, in Agent's determination, constitutes grounds for the termination under any Applicable Pension Legislation of any Canadian Pension Plan which provides benefits on a defined benefits basis or for the appointment by the appropriate Governmental Authority of an administrator or trustee for any Canadian Pension Plan, or if any Canadian Pension Plan shall be terminated or any such trustee shall be requested or appointed, or if any Canadian Obligor is in default with respect to payments to a Canadian Pension Plan resulting from their complete or partial withdrawal from such Canadian Pension Plan, or any Lien arises (other than for contribution amounts not yet due) in connection with any Canadian Pension Plan; provided, however, that if any of the foregoing events occurs as a result of the acts or omissions of a Person that is not an Obligor or a Subsidiary of an Obligor, such event shall not constitute an Event of Default until five (5) days after the occurrence of such event;

(l) An Obligor or any of its Senior Officers is criminally indicted or convicted for (i) a felony committed in the conduct of the Obligor's business, or (ii) violating any state, federal, provincial or foreign law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) that could lead to forfeiture of any material Property or any Collateral;

(m) A Change of Control occurs;

(n) The indictment by any Governmental Authority as to which there is a reasonable possibility of an adverse determination, in the determination of Agent or Required Lenders, under any criminal statute, or commencement of criminal or civil proceedings against an Obligor, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of any of the Collateral or any other property of the Obligors which is necessary or material to the conduct of their business;

(o) For any reason any Loan Document ceases to be in full force and effect or any Lien of the Agent with respect to any material portion of the Collateral intended to be secured thereby ceases to be, or is not, valid, perfected and prior to all other Liens (other than Permitted Liens) or is terminated, revoked or declared void, or

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(p) Horsepower shall hold or acquire Property with a fair market or book value (whichever is more) in excess of \$250,000 other than (i) 0.01% of the Equity Interests of Dutch CV Holdco and (ii) Property of the type described in clause (d) of the definition of Excluded Collateral.

Notwithstanding anything to the contrary contained in this **Section 11**, for purposes of determining whether an Event of Default has occurred under any financial covenant set forth in **Section 10.3**, any cash equity contribution (in the form of common equity or preferred equity on terms reasonably satisfactory to Agent) made to the Borrowers after the last day of any Fiscal Quarter and on or prior to the day that is 10 days after the day on which financial statements are required to be delivered for that Fiscal Quarter will, at the request of the Borrower Agent, be included in the calculation of EBITDA solely for the purposes of determining compliance with such financial covenant at the end of such Fiscal Quarter and any subsequent period that includes such Fiscal Quarter (any such equity contribution, a "Specified Equity Contribution"); provided, that (a) the Borrowers shall not be permitted to so request that a Specified Equity Contribution be included in the calculation of EBITDA with respect to any Fiscal Quarter unless, after giving effect to such requested Specified Equity Contribution, there will not be a Specified Equity Contribution in two consecutive Fiscal Quarters in the Relevant Four Fiscal Quarter Period (as defined below), (b) no more than five Specified Equity Contributions will be made in the aggregate, (c) the amount of any Specified Equity Contribution and the use of proceeds therefrom will be no greater than the amount required to cause the Borrower to be in compliance with each financial covenant, and (d) the net cash proceeds of any Specified Equity Contribution shall be used by the Borrower to prepay the Loans in accordance with **Section 5.2.1(d)**; provided that the portion of any such Debt so prepaid shall, for purposes of compliance with the financial covenant set forth in **Section 10.3**, be deemed to remain outstanding for the Relevant Four Fiscal Quarter Period and any subsequent measurement period that includes such Fiscal Quarter with respect to which the Specified Equity Contribution was made, and (f) all Specified Equity Contributions and the use of proceeds therefrom will be disregarded for all other purposes under the Loan Documents (including calculating EBITDA for purposes of determining basket

levels and incurrence tests and other items governed by reference to EBITDA). For purposes of this paragraph, the term “Relevant Four Fiscal Quarter Period” shall mean, with respect to any requested Specified Equity Contribution, the four Fiscal Quarter period ending on (and including) the Fiscal Quarter in which EBITDA will be increased as a result of such Specified Equity Contribution.

**11.2. Remedies upon Default.** If an Event of Default described in Section 11.1(j) occurs with respect to any Obligor, then to the extent permitted by Applicable Law, all Obligations shall become automatically due and payable, together with interest accrued thereon and the Prepayment Premium, and all Commitments shall terminate, without any action by Agent or notice of any kind. In addition, or if any other Event of Default exists, Agent may (with the written consent of the Required Lenders), and shall upon written direction of Required Lenders, do any one or more of the following from time to time:

(a) declare any Borrower Group Obligations immediately due and payable, whereupon they shall be due and payable, together with interest accrued thereon and together with the Prepayment Premium, without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Obligors to the fullest extent permitted by law;

(b) terminate, reduce or condition any Commitment;

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(c) require Obligors within each Borrower Group to Cash Collateralize any Borrower Group Obligations of such Borrower Group that are contingent or not yet due and payable; and

(d) exercise any other rights or remedies afforded under any agreement, by Applicable Law, including the rights and remedies of a secured party under the UCC and the PPSA. Such rights and remedies include the rights to (i) take possession of any Collateral of such Borrower Group; (ii) require Obligors within such Borrower Group to assemble Collateral of such Borrower Group, at the expense of the Obligors within such Borrower Group, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral of such Borrower Group is located and store such Collateral on such premises until sold (and if the premises are owned or leased by an Obligor within such Borrower Group, Obligors within such Borrower Group agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral of such Borrower Group in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Required Lenders, in their discretion, deem advisable. Each Obligor agrees that 10 days’ notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable, and that any sale conducted on the internet or to a licensor of Intellectual Property shall be commercially reasonable. Agent may conduct sales on any Obligor’s premises, without charge, and any sale may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral of such Borrower Group for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may credit bid and set off the amount of such price against the Obligations.

Each of the Obligors acknowledges, and the parties hereto agree, that each of the Lenders has the right to maintain its investment in the Loans free from repayment by the Obligors (except as herein specifically provided for) and that the provision for payment of the Prepayment Premium by the Obligors in the event that the Obligations are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

**11.3. License.** Subject to the terms of the Intercreditor Agreement, each Obligor hereby grants to Agent an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of Royalty or other compensation to any Person), during the existence of any Event of Default, any or all Intellectual Property owned by Obligors or for which Obligors have a right to sublicense, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral.

**11.4. Setoff.** At any time during an Event of Default, Agent, Lenders, and any of their Affiliates and Branches are authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by Agent, such Lender or such Affiliate or branch to or for the credit or the account of an Obligor against any Obligations of such Borrower Group, irrespective of whether or not Agent, such Lender or such Affiliate or branch shall have made any demand under this Agreement or any other Loan Document and although such Borrower Group Obligations may be contingent or unmatured or are owed to a branch or office of Agent, such Lender or such Affiliate or branch different from the branch or office holding such deposit or obligated on such indebtedness. The rights of Agent, each Lender and each such Affiliate or branch under this Section are in addition to other rights and remedies (including other rights of setoff) that such Person may have.

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**11.5. Remedies Cumulative; No Waiver.**

11.5.1. **Cumulative Rights.** All agreements, warranties, guaranties, indemnities and other undertakings of Obligors under the Loan Documents are cumulative and not in derogation of each other. The rights and remedies of Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies available by agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

11.5.2. **Waivers.** No waiver or course of dealing shall be established by (a) the failure or delay of Agent or any Lender to require strict performance by Obligors with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise; or (b) acceptance by Agent or any Lender of any payment or performance by an Obligor under any Loan Documents in a manner other than that specified therein. It is expressly acknowledged by Obligors that any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

**11.6. Judgment Currency.** If, for the purpose of obtaining judgment in any court or obtaining an order enforcing a judgment, it becomes necessary to convert any amount due under this Agreement in Dollars or in any other currency (hereinafter in this Section 11.6 called the “first currency”) into any other currency (hereinafter in this Section 11.6 called the “second currency”), then the Spot Rate shall be used as the rate of exchange for buying the first currency with the second currency prevailing at Agent’s close of business on the Business Day next preceding the day on which the judgment is given or (as the case may be) the order is made. Any payment made by an Obligor to any Lender or Agent pursuant to this Agreement in the second currency shall constitute a discharge of the obligations of any applicable Obligors to pay to such Lender or Agent any amount originally due to such Lender or Agent in the first currency under this Agreement only to the extent of the amount of the first currency which such Lender or Agent is able, on the date of the receipt by it of such payment in any second currency, to purchase, in accordance with such Lender or Agent’s normal banking procedures, with the amount of such second currency so received. If the amount of the first currency falls short of the amount originally due to such Lender or Agent in the first currency under this Agreement, the other Obligors within its Borrower Group agree that they will indemnify each such Lender or Agent against and save such Lender or Agent harmless from any shortfall so arising. This indemnity shall constitute an obligation of each such Obligor separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect

of amounts due to such Lender or Agent under any Loan Documents or under any such judgment or order. Any such shortfall shall be deemed to constitute a loss suffered by such Lender or Agent and Obligors shall not be entitled to require any proof or evidence of any actual loss. If the amount of the first currency exceeds the amount originally due to such Lender or Agent in the first currency under this Agreement, such Lender or Agent shall promptly remit such excess to the Obligors in the affected Borrower Group. The covenants contained in this Section 11.6 shall survive the Full Payment of the Obligations under this Agreement.

## SECTION 12. AGENT

### 12.1. Appointment, Authority and Duties of Agent

12.1.1. Appointment and Authority. Each Secured Party appoints and designates Guggenheim Credit Services, LLC, a Delaware limited liability company, as Agent under all Loan Documents. Agent may, and each Secured Party authorizes Agent to, enter into all Loan Documents to which Agent is intended to be a party and accept all Security Documents, for the benefit of Secured Parties. Any action taken by Agent in accordance with the provisions of the Loan Documents, and the exercise by Agent of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Agent each Loan Document, including any intercreditor or subordination agreement, and accept delivery of each Loan Document; (c) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; (d) manage, supervise or otherwise deal with Collateral; and (e) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral or under any Loan Documents, Applicable Law or otherwise. The duties of Agent are ministerial and administrative in nature only, and Agent shall not have a fiduciary relationship with any Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto.

12.1.2. Duties. Agent shall not have any duties except those expressly set forth in the Loan Documents. The conferral upon Agent of any right shall not imply a duty to exercise such right, unless instructed to do so by Required Lenders or Required Borrower Group Lenders in accordance with this Agreement.

12.1.3. Agent Professionals. Agent may perform its duties through agents and employees. Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

12.1.4. Instructions of Required Lenders. The rights and remedies conferred upon Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. Agent may request instructions from Required Lenders, Required Borrower Group Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents or Collateral, and may seek assurances to its satisfaction from Secured Parties of their indemnification obligations against Claims that could be incurred by Agent. Agent may refrain from any act until it has received such instructions or assurances, and shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders or Required Borrower Group Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting pursuant to instructions of Required Lenders or Required Borrower Group Lenders. Notwithstanding the foregoing, instructions by and consent of specific parties shall be required to the extent provided in **Section 14.1.1**. In no event shall Agent be required to take any action that, in its opinion, is contrary to Applicable Law or any Loan Documents or could subject any Agent Indemnitee to personal liability.

### 12.2. Agreements Regarding Collateral and Borrower Materials

12.2.1. Lien Releases; Care of Collateral. Secured Parties authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations secured by such Collateral; (b) that is the subject of a Permitted Asset Disposition; (c) that is the subject of a disposition pursuant to **Section 8.4.2**; (d) in connection with exercising Agent's rights pursuant to the last paragraph of Section 10.1.9(d) or (e) subject to **Section 14.1**, with the consent of Required Lenders. Secured Parties authorize Agent to subordinate its Liens to any Purchase Money Lien or other Lien entitled to priority hereunder. Agent shall have no obligation to assure that any Collateral exists or is owned by an Obligor, or is cared for, protected or insured, nor to assure that Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

12.2.2. Possession of Collateral. Agent and Secured Parties appoint each Lender as agent (for the benefit of Secured Parties) for the purpose of perfecting Liens in any Collateral held or controlled by such Lender, to the extent such Liens are, under the UCC, the PPSA or other Applicable Law, perfected by possession or control. If any Lender obtains possession or control of any Collateral, it shall notify Agent thereof and, promptly upon Agent's request, deliver such Collateral to Agent or otherwise deal with it in accordance with Agent's instructions.

12.2.3. Reports. Agent shall promptly provide to Lenders, when complete, any field audit, examination or appraisal report prepared for Agent with respect to any Obligor or Collateral ("Report"). Reports and other Borrower Materials may be made available to Lenders by providing access to them on the Platform, but Agent shall not be responsible for system failures or access issues that may occur from time to time. Each Lender agrees (a) that Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing an audit or examination will inspect only specific information regarding the Obligations or Collateral and will rely significantly upon Obligors' books, records and representations; (b) that Agent makes no representation or warranty as to the accuracy or completeness of any Borrower Materials and shall not be liable for any information contained in or omitted from any Borrower Materials, including any Report; and (c) to keep all Borrower Materials confidential and strictly for such Lender's internal use, not to distribute any Report or other Borrower Materials (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants), and to use all Borrower Materials solely for administration of the Obligations. Each Lender shall indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Borrower Materials, as well as from any Claims arising as a direct or indirect result of Agent furnishing same to such Lender, via the Platform or otherwise.

12.3. Reliance By Agent. Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. Agent shall have a reasonable and practicable amount of time to act upon any instruction, notice or other communication under any Loan Document, and shall not be liable for any delay in acting.

12.4. Action Upon Default. Agent shall not be deemed to have knowledge of any Default or Event of Default, or of any failure to satisfy any conditions in Section 6, unless it has received written notice from an Obligor or Required Lenders specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default, Event of Default or failure of such conditions, it shall promptly notify Agent and the other Lenders thereof in writing. Each Secured Party agrees that, except as otherwise provided in any Loan Documents or with the written consent of Agent and Required Lenders, it will not take any Enforcement Action, accelerate Obligations, or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC or PPSA sales, or other dispositions of Collateral, or to assert any rights relating to any Collateral.

**12.5. Ratable Sharing.** If any Applicable Lender obtains any payment or reduction of any Borrower Group Obligation, whether through set-off or otherwise, in excess of its share of such Borrower Group Obligations, determined on a Pro Rata basis or in accordance with **Section 5.6.2**, as applicable, such Applicable Lender shall forthwith purchase from Agent and the other Applicable Lenders such participations in the affected Borrower Group Obligation as are necessary to share the excess payment or reduction on a Pro Rata basis or in accordance with **Section 5.6.2**, as applicable. If any of such payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. No Lender shall set off against any Dominion Account without Agent's prior consent.

**12.6. Indemnification.** EACH SECURED PARTY SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES TO THE EXTENT NOT REIMBURSED BY OBLIGORS, ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE, PROVIDED THAT ANY CLAIM AGAINST AN AGENT INDEMNITEE RELATES TO OR ARISES FROM ITS ACTING AS OR FOR AGENT (IN THE CAPACITY OF AGENT). In Agent's discretion, it may reserve for any Claims made against an Agent Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to Secured Parties. If Agent is sued by any Creditor Representative or other Person for any alleged preference or fraudulent transfer, then any monies paid by Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Agent by each Secured Party to the extent of its Pro Rata share.

**12.7. Limitation on Responsibilities of Agent.** Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Agent's gross negligence or willful misconduct. Agent does not assume any responsibility for any failure or delay in performance or any breach by any Obligor, Lender or other Secured Party of any obligations under the Loan Documents. Agent does not make any express or implied representation, warranty or guarantee to Secured Parties with respect to any Obligations, Collateral, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Secured Parties for any recitals, statements, information, representations or warranties contained in any Loan Documents or Borrower Materials; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectability, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectability of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Account Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance by any Obligor of any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

**12.8. Successor Agent and Co-Agents**

**12.8.1. Resignation; Successor Agent.** Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving at least 30 days written notice thereof to Lenders and Borrowers. Upon receipt of such notice, Required Lenders shall have the right to appoint a successor Agent which shall be (a) a Lender or an Affiliate of a Lender; or (b) a financial institution reasonably acceptable to Required Lenders and (provided no Default or Event of Default exists) Borrowers. If no successor agent is appointed prior to the effective date of Agent's resignation, then Agent may appoint a successor agent that is a financial institution acceptable to it, which shall be a Lender unless no Lender accepts the role. Upon acceptance by a successor Agent of its appointment hereunder, such successor Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Agent without further act, and the retiring Agent shall be discharged from its duties and obligations hereunder but shall continue to have the benefits of the indemnification set forth in **Sections 12.6 and 14.2**. Notwithstanding any Agent's resignation, the provisions of this **Section 12** shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while Agent. Any successor to Guggenheim Credit Services, LLC by merger or acquisition of stock or this loan shall continue to be Agent hereunder without further act on the part of any Secured Party or Obligor.

**12.8.2. Termination.** The Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to the Borrower Agent and the Agent, remove the Person then serving as Agent and, as provided in **Section 12.8.1**, appoint a successor Agent. In connection with removal as Agent under this Agreement, the removed Agent shall reasonably cooperate with the Required Lenders, the Borrowers and any successor Agent in connection with such removal and succession, including executing and delivering, or causing to be executed and delivered, such instruments, documents and certificates, and taking such other action, all at the Borrowers' expense, as may reasonably be necessary to effect the removal of the removed Agent and the appointment of the successor Agent; provided that (i) the removed Agent shall not be required to take any acts or execute any documents, instruments or certificates that could expose it to any liability for which it is not indemnified hereunder and (ii) no removal of the Agent shall be effective unless and until it has received payment in full in cash of all fees, costs and expenses owing to it, in its capacity as Agent, under this Agreement and the other Loan Documents.

**12.8.3. Co-Collateral Agent.** It is the intent of the parties that there shall be no violation of any Applicable Law denying or restricting the right of financial institutions to transact business in any jurisdiction. If necessary or appropriate under Applicable Law, Agent may appoint a Person to serve as a co-collateral agent or separate collateral agent under any Loan Document. Each right, remedy and protection intended to be available to Agent under the Loan Document shall also be vested in such agent. Secured Parties shall execute and deliver any instrument or agreement that Agent may request to effect such appointment. If the agent shall die, dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of such agent, to the extent permitted by Applicable Law, shall vest in and be exercised by Agent until appointment of a new agent.

**12.9. Due Diligence and Non-Reliance.** Each Lender acknowledges and agrees that it has, independently and without reliance upon Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to fund Loans hereunder. Each Secured Party has made such inquiries as it feels necessary concerning the Loan Documents, Collateral and Obligors. Each Secured Party acknowledges and agrees that the other Secured Parties have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Secured Party will, independently and without reliance upon any other Secured Party, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Loans and, in taking or refraining from any action under any Loan Documents. Except for notices, reports and other information expressly requested by a Lender, Agent shall have no duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Agent or its Affiliates or branches.

**12.10. Remittance of Payments and Collections**

**12.10.1. Remittances Generally.** All payments by any Lender to Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Agent and request for payment is made by Agent by 11:00 a.m. on a Business Day, payment shall be made by Lender not later than 2:00 p.m. on such day, and if request is made after 11:00 a.m., then payment shall be made by 11:00 a.m. on the next Business Day. Payment by Agent to any Secured Party shall be made by wire transfer, in the type of funds received by Agent. Any such payment shall be subject to Agent's right of offset for any amounts due from such payee under the Loan Documents.



**12.10.2. Failure to Pay.** If any Secured Party fails to pay any amount when due by it to Agent pursuant to the terms hereof, such amount shall bear interest, from the due date until paid in full, at the rate determined by Agent as customary for interbank compensation for two Business Days and thereafter at the Default Rate based on the Base Rate. In no event shall Borrowers be entitled to receive credit for any interest paid by a Secured Party to Agent.

**12.10.3. Recovery of Payments.** If Agent pays an amount to a Secured Party in the expectation that a related payment will be received by Agent from an Obligor and such related payment is not received, then Agent may recover such amount from the Secured Party. If Agent determines that an amount received by it must be returned or paid to an Obligor or other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, Agent shall not be required to distribute such amount to any Secured Party. If any amounts received and applied by Agent to any Obligations are later required to be returned by Agent pursuant to Applicable Law, each Lender shall pay to Agent, **on demand**, such Lender's Pro Rata share of the amounts required to be returned.

**12.11. Individual Capacities.** Agent, Lenders and their Affiliates may accept deposits from, lend money to, provide bank products to, act as financial or other advisor to, and generally engage in any kind of business with, Obligors and their Affiliates, as if they were not Agent or Lenders hereunder, without any duty to account therefor to any Secured Party. In their individual capacities, Agent, Lenders and their Affiliates may receive information regarding Obligors, their Affiliates and their Account Debtors (including information subject to confidentiality obligations), and shall have no obligation to provide such information to any Secured Party.

**12.12. Agent Miscellaneous.** Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA PATRIOT Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any Obligor, its Affiliates or its agents, this Agreement, the other Loan Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any record-keeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or such other laws.

**12.13. Solidary Interests/Quebec Liens (Hypothecs).**

(a) For the purposes of creating a solidarité active in accordance with Article 1541 of the Civil Code of Quebec between each Secured Party, taken individually, on the one hand, and Agent, on the other hand, each Obligor granting a Lien (hypothec) to Agent under the Civil Code of Quebec and each such Secured Party acknowledges and agrees with Agent that such Secured Party and Agent are hereby conferred the legal status of solidary creditors of each such Obligor in respect of all indebtedness, liabilities and other obligations, present and future, owed by each such Obligor to Agent and such Secured Party hereunder and under the other Loan Documents (collectively, the "Solidary Claim") and that, accordingly, but subject (for the avoidance of doubt) to Article 1542 of the Civil Code of Quebec, each such Obligor is irrevocably bound towards Agent and each Secured Party in respect of the entire Solidary Claim of Agent and such Secured Party. As a result of the foregoing, the parties hereto acknowledge that Agent and each Secured Party shall at all times have a valid and effective right of action for the entire Solidary Claim of Agent and such Secured Party and the right to give full acquittance for it. Accordingly, and without limiting the generality of the foregoing, Agent, as solidary creditor with each Secured Party, shall at all times have a valid and effective right of action in respect of the Solidary Claim and the right to give a full acquittance for same. By its execution of the Loan Documents to which it is a party, each such Obligor not a party hereto shall also be deemed to have accepted the stipulations hereinabove provided. The parties further agree and acknowledge that such Liens (hypothecs) under the Loan Documents shall be granted to Agent, for its own benefit and for the benefit of Secured Parties, as solidary creditor as hereinabove set forth.

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(b) In addition, and without limiting any of the foregoing, for greater certainty, and without limiting the powers of Agent, for the purposes of holding any hypothec granted to the Attorney (as defined below) pursuant to the laws of the Province of Quebec to secure the prompt payment and performance of any and all Obligations by any Obligor, each of the Secured Parties hereby irrevocably appoints and authorizes Agent and, to the extent necessary, ratifies the appointment and authorization of Agent, to act as the hypothecary representative of the present and future creditors as contemplated under Article 2692 of the Civil Code of Quebec (in such capacity, the "Attorney"), and to enter into, to take and to hold on their behalf, and for their benefit, any hypothec, and to exercise such powers and duties that are conferred upon the Attorney under any related deed of hypothec. The Attorney shall: (i) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to the Attorney pursuant to any such deed of hypothec and applicable law, and (ii) benefit from and be subject to all provisions hereof with respect to Agent mutatis mutandis, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Secured Parties and the Obligors. Any person who becomes a Secured Party shall, by its execution of an Assignment and Acceptance, be deemed to have consented to and confirmed the Attorney as the person acting as hypothecary representative holding the aforesaid hypothecs as aforesaid and to have ratified, as of the date it becomes a Secured Party, all actions taken by the Attorney in such capacity. The substitution of Agent pursuant to the provisions of this **Section 12** also constitutes the substitution of the Attorney. Agent acting as the Attorney shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favor of Agent in this Agreement, which shall apply mutatis mutandis to Agent acting as the Attorney.

**12.14. No Third Party Beneficiaries.** This **Section 12** is an agreement solely among Secured Parties and Agent, and shall survive Full Payment of the Obligations. This **Section 12** does not confer any rights or benefits upon Obligors or any other Person. As between Obligors and Agent, any action that Agent may take under any Loan Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by Secured Parties.

**SECTION 13. BENEFIT OF AGREEMENT; ASSIGNMENTS**

**13.1. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of Obligors, Agent, Lenders, Secured Parties, and their respective successors and assigns, except that (a) no Obligor shall have the right to assign its rights or delegate its obligations under any Loan Documents (and any assignment or delegation in contravention of the foregoing shall be null and void); and (b) any assignment by a Lender must be made in compliance with **Section 13.3**. Agent may treat the Person which made any Loan as the owner thereof for all purposes until such Person makes an assignment in accordance with **Section 13.3**. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

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**13.2. Participations.**

**13.2.1. Permitted Participants; Effect.** Subject to **Section 13.3.3**, any Lender may sell to a financial institution ("Participant") a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender's obligations under the

Loan Documents shall remain unchanged, it shall remain solely responsible to the other parties hereto for performance of such obligations, it shall remain the holder of its Loans and Commitments for all purposes, all amounts payable by Borrowers shall be determined as if it had not sold such participating interests, and Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant with respect to US Obligations that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of **Section 5.9** unless US Borrowers agree otherwise in writing.

13.2.2. **Voting Rights.** Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of a Loan Document other than that which forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to any Loan or Commitment in which such Participant has an interest, postpones the Maturity Date or any date fixed for any regularly scheduled payment of principal, interest or fees on such Loan or Commitment, or releases any Borrower, Guarantor or substantially all Collateral.

13.2.3. **Benefit of Set-Off.** Borrowers agree that each Participant shall have a right of set-off in respect of its participating interest to the same extent as if such interest were owing directly to a Lender, and each Lender shall also retain the right of set-off with respect to any participating interests sold by it. By exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with **Section 12.5** as if such Participant were a Lender.

13.2.4. **Participant Register.** Each Lender that sells a participation shall, acting as a non-fiduciary agent of Borrowers (solely for tax purposes), maintain a register in which it enters the Participant's name, address and interest in Commitments, and Loans (and stated interest). Entries in the register shall be conclusive, absent manifest error, and such Lender shall treat each Person recorded in the register as the owner of the participation for all purposes, notwithstanding any notice to the contrary. No Lender shall have an obligation to disclose any information in such register except to the extent necessary to establish that a Participant's interest is in registered form under the Code.

### **13.3. Assignments.**

13.3.1. **Permitted Assignments.** A Lender may assign to an Eligible Assignee any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount of \$5,000,000 (unless otherwise agreed by Agent in its discretion) and integral multiples of \$1,000,000 in excess of that amount; (b) except in the case of an assignment in whole of a Lender's rights and obligations, the aggregate amount of the Loans retained by the transferor Lender is at least \$5,000,000 (unless otherwise agreed by Agent in its discretion); and (c) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to secure obligations of such Lender, including a pledge or assignment to a Federal Reserve Bank or a funding source of such Lender; provided, however, that no such pledge or assignment shall release the Lender from its obligations hereunder nor substitute the pledge or assignee for such Lender as a party hereto.

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13.3.2. **Effect; Effective Date.** Upon delivery to Agent of an assignment notice in the form of **Exhibit B** and a processing fee of \$3,500 (unless otherwise agreed by Agent in its discretion), the assignment shall become effective as specified in the notice, if it complies with this **Section 13.3**. From such effective date, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Agent and Borrowers shall make appropriate arrangements for issuance of replacement and/or new notes, if applicable. The transferee Lender shall comply with **Section 5.10** and deliver, upon request, an administrative questionnaire satisfactory to Agent.

13.3.3. **Certain Assignees.** No assignment or participation of any of the Loans or Commitments may be made to an Obligor, Affiliate of an Obligor or natural person. In addition, no New Term Loan may be made by an Obligor or an Affiliate of any Obligor.

13.3.4. **Register.** Agent, acting as a non-fiduciary agent of the applicable Borrower Group (solely for tax purposes), shall maintain (a) a copy of each Assignment and Acceptance delivered to it, and (b) a register for recordation of the names, addresses and Commitments of, and the Loans and interest owing to, each Lender. Entries in the register shall be conclusive, absent manifest error, and Obligors, Agent and Lenders shall treat each lender recorded in such register as a Lender for all purposes under the Loan Documents, notwithstanding any notice to the contrary. The register shall be available for inspection by Obligors or any Lender, from time to time upon reasonable notice.

13.4. **Replacement of Certain Lenders.** If a Lender fails to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, then, in addition to any other rights and remedies that any Person may have, Agent or Borrower Agent may, by notice to such Lender within 120 days after such event, require such Lender to assign all of its rights and obligations under the Loan Documents to Eligible Assignee(s), pursuant to appropriate Assignment and Acceptance(s), within 20 days after the notice. Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute it. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents through the date of assignment and shall be entitled to the Prepayment Premium as if the Loans of such Lender were being voluntarily prepaid and the Commitments of such Lender terminated; provided, however, that upon receipt of the Prepayment Premium by such Lender, in no event shall the Prepayment Premium be required to be paid thereafter in respect of such Loans and Commitments.

## **SECTION 14. MISCELLANEOUS**

### **14.1. Consents, Amendments and Waivers.**

(a) No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Required Lenders (or by the Agent with the consent of Required Lenders, or to the extent specifically provided in a Loan Document, Required Borrower Group Lenders) and each Obligor party to such Loan Document; provided, however, that without the prior written consent of Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of Agent;

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(b) without the prior written consent of each affected Lender, no modification shall be effective with respect to any other provision in a Loan Document that would increase the Commitment of any Lender to make Loans under this Agreement or require any Lender to make additional Loans under this Agreement;

(c) without the prior written consent of each affected Lender, no modification shall be effective that would reduce the amount of, or waive, reduce or delay payment of, any principal, interest or fees payable to such Lender;

(d) without the prior written consent of all Lenders, no modification shall be effective that would (i) alter **Section 5.6.2, 7.1** (except to add Collateral) or **14.1**; (ii) extend the Maturity Date, or (iii) amend the definition of Pro Rata Required Lenders or Required Borrower Group Lenders;

(e) without the prior written consent of all Lenders, no modification shall be effective that would release any Borrower or all or a material portion of the Guarantors or that would effect a release of (or a subordination of Agent's liens on) all or a material portion of the Collateral, in each case, in any transaction or series of related transactions (other than in connection with permitted asset sales, permitted dispositions, permitted mergers, permitted liquidations or dissolutions or as otherwise permitted under the Loan Documents, in each case, as in effect on the Closing Date);

(f) without the prior written consent of all Lenders, no modification shall be effective with respect to (i) any pro rata sharing, payment, or setoff provision of any Loan Document or (ii) any other provision of a Loan Document, in each case, in a manner that would alter (or have the effect of altering) the pro rata allocation among the Lenders of any payments, disbursements, or setoffs;

(g) without the prior written consent of all Lenders, no modification shall be effective that subordinates any of the Obligations or any Lien created by this Agreement or any other Loan Document; or

(h) without the prior written consent of all Lenders, no modification shall be effective that permits the assignment or transfer by any Obligor of any of its rights and obligations under any Loan Document.

14.1.2. Limitations. The agreement of Obligors shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Lenders, Agent and as among themselves. Any waiver or consent granted by Agent or Lenders hereunder shall be effective only if in writing and only for the matter specified.

14.1.3. Payment for Consents. No Borrower within a Borrower Group will, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender to such Borrower Group (in its capacity as a Lender) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

## **14.2. Indemnity.**

14.2.1. **EACH OBLIGOR WITHIN A BORROWER GROUP SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES PROVIDING CREDIT TO OR OTHERWISE REPRESENTING OR ACTING ON BEHALF OF ANY INDEMNITEES PROVIDING CREDIT TO SUCH BORROWER GROUP AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ASSERTED BY ANY OBLIGOR OR OTHER PERSON OR ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF SUCH INDEMNITEE;** provided that in no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

14.2.2. US Borrowers shall be deemed to have given the foregoing indemnity set forth in **Section 14.2.1** with respect to all Claims against any Indemnitees and, without limiting the foregoing, US Borrowers agree, jointly and severally, to indemnify and defend the Indemnitees and hold the Indemnitees harmless from and against any and all Claims that may be instituted or asserted against or incurred by any of the Indemnitees. In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

14.2.3. If and to the extent that any Claim is asserted against any Indemnitee and such Claim is not attributed solely to any transaction or occurrence arising out of or related to a Borrower Group or the obligations incurred or, repayments made by or Collateral or such Borrower Group, or a Borrower within a Borrower Group disputes its liability for any Claim, then, in any such event, all Borrowers shall jointly and severally indemnify and defend the Indemnitees and hold them harmless from and against any and all such Claims; provided that in no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

## **14.3. Notices and Communications.**

14.3.1. Notice Address. All notices and other communications by or to a party hereto shall be in writing and shall be given to any Obligor, at Borrower Agent's address shown on the signature pages hereof, and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this **Section 14.3**. Each communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the U.S. (or, if applicable, Canadian mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Any written communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Borrower Agent shall be deemed received by all Obligors.

14.3.2. Electronic Communications; Voice Mail. Electronic mail and internet websites may be used only for routine communications, such as delivery of Borrower Materials, administrative matters, and distribution of Loan Documents. Agent and Lenders make no assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

14.3.3. Platform. Borrower Materials shall be delivered pursuant to procedures approved by Agent, including electronic delivery (if possible) upon request by Agent to an electronic system maintained by Agent ("Platform"). Borrowers (or other Obligors, if applicable, shall notify Agent of each posting of Borrower Materials on the Platform and the materials shall be deemed received by Agent only upon its receipt of such notice. Borrower Materials and other information relating to this credit facility may be made available to Lenders on the Platform. The Platform is provided "as is" and "as available." Agent does not warrant the accuracy or completeness of any information on the Platform nor the adequacy or functioning of the Platform, and expressly disclaims liability for any errors or omissions in the Borrower Materials or any issues involving the Platform. 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 AGENT WITH RESPECT TO BORROWER MATERIALS OR THE PLATFORM. Lenders acknowledge that Borrower Materials may include material non-public information of Obligors and should not be made available to any personnel who do not wish to receive such information or who may be engaged in investment or other market-related

activities with respect to any Obligor's securities. No Agent Indemnitee shall have any liability to Obligors, Lenders or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) relating to use by any Person of the Platform or delivery of Borrower Materials and other information through the Platform.

14.3.4. **Public Information.** Obligors and Secured Parties acknowledge that "public" information may not be segregated from material non-public information on the Platform. Secured Parties acknowledge that Borrower Materials may include Obligors' material non-public information, and should not be made available to personnel who do not wish to receive such information or may be engaged in investment or other market-related activities with respect to an Obligor's securities.

14.3.5. **Non-Conforming Communications.** Agent and Lenders may rely upon any communications purportedly given by or on behalf of any Obligor even if they were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Obligor shall indemnify and hold harmless each Indemnitee from any liabilities, losses, costs and expenses arising from any electronic or telephonic communication purportedly given by or on behalf of an Obligor.

14.4. **Performance of Borrowers' Obligations.** Agent may, in its discretion at any time and from time to time, at the expense of Borrowers within the applicable Borrower Group, pay any amount or do any act required of an Obligor within such Borrower Group under any Loan Documents or otherwise lawfully requested by Agent to (a) enforce any Loan Documents or collect any Borrower Group Obligations of such Borrower Group; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity or priority of Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Agent under this **Section 14.4** shall be reimbursed to Agent by Borrowers within the applicable Borrower Group, on demand, with interest from the date incurred until paid in full, at the Default Rate based on the Base Rate. Any payment made or action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

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14.5. **Credit Inquiries.** Agent and Lenders may (but shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Obligor or Subsidiary.

14.6. **Severability.** Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

14.7. **Cumulative Effect; Conflict of Terms.** The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

14.8. **Counterparts; Execution.** Any Loan Document may be executed in 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 Agent has received counterparts bearing the signatures of all parties hereto. Agent may (but shall have no obligation to) accept any signature, contract formation or record-keeping through electronic means, which shall have the same legal validity and enforceability as manual or paper-based methods, to the fullest extent permitted by Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any similar state law based on the Uniform Electronic Transactions Act. Upon request by Agent, any electronic signature or delivery shall be promptly followed by a manually executed or paper document.

14.9. **Entire Agreement.** Time is of the essence with respect to all Loan Documents and Obligations. This Agreement and the other Loan Documents are intended by the Obligors, Agent and Lender to be the final, complete and exclusive expression of the agreement between them. Except to the extent otherwise provided in **Section 14.20**, this Agreement and the other Loan Documents supersede all prior oral or written agreements among the parties relating to the subject matter thereof.

14.10. **Relationship with Lenders.** The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or Commitments of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt. It shall not be necessary for Agent or any other Lender to be joined as an additional party in any proceeding for such purposes. Nothing in this Agreement and no action of Agent, Lenders or any other Secured Party pursuant to the Loan Documents or otherwise shall be deemed to constitute Agent and any Secured Party to be a partnership, joint venture or similar arrangement, nor to constitute control of any Obligor.

14.11. **No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated by any Loan Document, Obligors acknowledge and agree that (a)(i) this credit facility and any related arranging or other services by Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Obligors and such Person; (ii) Obligors have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Obligors are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) each of Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Obligors, any of their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Loan Documents except as expressly set forth therein; and (c) Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Obligors and their Affiliates, and have no obligation to disclose any of such interests to Obligors or their Affiliates. To the fullest extent permitted by Applicable Law, each Obligor hereby waives and releases any claims that it may have against Agent, Lenders, their Affiliates and any arranger with respect to any breach of agency or fiduciary duty in connection with any transaction contemplated by a Loan Document.

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14.12. **Confidentiality.** Each of Agent and Lenders shall maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, Approved Funds, branches, and to its and their partners, directors, officers, employees, agents, advisors and representatives (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process provided that it has used reasonable efforts to give the owner of such Information an opportunity to obtain a protective order; (d) to any other party hereto; (e) in connection with any action or proceeding relating to any Loan Documents or Obligations; (f) with the consent of the Borrower Agent; (g) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) is available to Agent, any Lender or any of their Affiliates and branches on a non-confidential basis from a source other than Obligors; (h) on a confidential basis to a provider of a Platform; (i) to a trustee, collateral manager, servicer, backup servicer, noteholder or secured party in connection with the administration, servicing and reporting on the assets serving as collateral for securities issued by any Lender and to any nationally recognized rating agency or investor of a Lender that requires access to information about a Lender's investment portfolio in connection with ratings issued or investment decisions with respect to such Lender, (j) to any prospective Eligible Assignee or prospective Participant (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential) or (k) to its financing sources (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential). Notwithstanding the

foregoing, Agent and Lenders may publish or disseminate general information concerning this credit facility for league table, tombstone and advertising purposes, and may use Obligor's logos, trademarks or product photographs in advertising materials with Obligor Agent's permission, which shall not be unreasonably withheld. As used herein, "Information" means all information received from an Obligor or Subsidiary relating to it or its business that is identified as confidential when delivered. Any Person required to maintain the confidentiality of Information pursuant to this Section shall be deemed to have complied if it exercises a degree of care similar to that which it accords its own confidential information. Each of Agent and Lenders acknowledges that (i) Information may include material non-public information; (ii) it has developed compliance procedures regarding the use of material non-public information; and (iii) it will handle such material non-public information in accordance with Applicable Law.

#### **14.13. Lender Loss Sharing Agreement**

(a) Definitions. As used in this **Section 14.13**, the following terms shall have the following meanings:

(i) CAM Exchange: shall mean the exchange of the Lenders' interests provided for in **Section 14.13(b)**.

(ii) CAM Exchange Date: shall mean the first date after the Closing Date on which there shall occur (x) any event described in Section 11.1(j) with respect to any Borrower or (b) an acceleration of Loans and termination of the Commitments pursuant to Section 11.2 of this Agreement.

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(iii) CAM Percentage: as to each Lender, a fraction, (A) the numerator of which shall be the aggregate amount of such Lender's outstanding Loans (including both US Loans and Canadian Loans) immediately prior to the CAM Exchange Date, and (B) the denominator of which shall be the amount of the Loans (including both US Loans and Canadian Loans) of all the Lenders immediately prior to the CAM Exchange Date.

(iv) Designated Obligations: shall mean all Obligations of the Borrowers with respect to (A) principal and interest under the US Loans and Canadian Loans and (B) fees under Section 3.2 of this Agreement.

(b) CAM Exchange.

(i) On the CAM Exchange Date, the Lenders shall automatically and without further act be deemed to have exchanged interests in their respective Designated Obligations such that, in lieu of the interests of each Lender in the Designated Obligations immediately prior to the CAM Exchange on the CAM Exchange Date, such Lender shall own an interest in the Designated Obligations equal to such Lender's CAM Percentage of the Designated Obligations.

(ii) Each Lender hereby consents and agrees to the CAM Exchange. Each Borrower agrees from time to time to execute and deliver to the Lenders all such promissory notes and other instruments and documents as Agent shall reasonably request to evidence and confirm the respective interests and obligations of the Lenders after giving effect to the CAM Exchange, and each Lender agrees to surrender any promissory notes originally received by it in connection with its Loans under this Agreement to Agent against delivery of any promissory notes so executed and delivered; provided, that the failure of any Lender to deliver or accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

(iii) As a result of the CAM Exchange, from and after the CAM Exchange Date, each payment received by Agent pursuant to any Loan Document in respect of any of the Designated Obligations shall be distributed to the Lenders, pro rata in accordance with their respective CAM Percentages.

Notwithstanding any other provision of this Agreement, Agent and the Lenders each agrees that if Agent or any Lender is required under Applicable Law to withhold, remit or deduct any taxes or other amounts from payments made by it hereunder or as a result hereof, such Person shall be entitled to withhold, remit or deduct such amounts and pay over such taxes or other amounts to the applicable Governmental Authority imposing such tax without any other obligation of gross up or offset with respect thereto and there shall be no recourse whatsoever by Agent or the Lenders subject to such withholding, deduction or remittance to Agent or any Lenders making such withholding, deduction or remittance and paying over such amounts, but without diminution of the rights of Agent or such Lenders subject to such withholding, deduction or remittance as against the Borrowers and the other Obligor to the extent (if any) provided in this Agreement and the other Loan Documents. Any amounts so withheld, remitted or deducted shall be treated as, for the purpose of this Section 14.13, having been paid to Agent or such Lenders with respect to which such withholding, remittance or deduction was made. The intent of this provision is to allocate risk among the Lenders and not to increase the liability of any Borrower hereunder.

**14.14. GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES.**

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**14.15. Consent to Forum. EACH OBLIGOR HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN NEW YORK COUNTY, NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT, EXCEPT THAT IN CONNECTION WITH THE CANADIAN DOCUMENTS, A JUDICIAL PROCEEDING MAY BE BROUGHT IN ANY COURT OF COMPETENT JURISDICTION IN THE PROVINCE OF BRITISH COLUMBIA OR ONTARIO. EACH OBLIGOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.3.1.** Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

**14.16. Other Jurisdiction.** Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

**14.17. Waivers by Obligor.** To the fullest extent permitted by Applicable Law, each Obligor waives (a) the right to trial by jury (which Agent and each Lender hereby also waives) in any proceeding or dispute of any kind relating in any way to any Loan Documents, Obligations or Collateral; (b) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, documents, instruments, chattel paper and guaranties at any time held by Agent on which an Obligor may in any way be liable, and hereby ratifies anything Agent may do in this regard; (c) notice prior to taking possession or control of any Collateral; (d) any bond or security that might be required by a court prior to allowing Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisal and exemption laws; (f) any claim against Agent, any Lender or any other Indemnitee, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (g) notice of acceptance hereof. Each Obligor acknowledges that the foregoing waivers are a material inducement to Agent and Lenders entering into this Agreement and that they are relying upon the foregoing in their dealings with Obligor. Each Obligor has reviewed the foregoing waivers with its legal counsel and has

knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

**14.18. PATRIOT Act Notice.** Agent and Lenders hereby notify Obligors that pursuant to the Patriot Act, Agent and Lenders are required to obtain, verify and record information that identifies each Obligor, including its legal name, address, tax ID number and other information that will allow Agent and Lenders to identify it in accordance with the Patriot Act. Agent and Lenders will also require information regarding each personal guarantor, if any, and may require information regarding Obligors' management and owners, such as legal name, address, social security number and date of birth. Borrowers shall, promptly upon request, provide all documentation and other information as Agent or any Lender may request from time to time in order to comply with any obligations under any "know your customer," anti- money laundering or other requirements of Applicable Law.

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**14.19. Canadian Anti-Money Laundering Legislation.**

(a) Each Canadian Obligor acknowledges that, pursuant to the Proceeds of Crime Act, Canadian Anti-Money Laundering & Anti-Terrorism Legislation, Canadian Economic Sanctions and Export Control Laws and "know your client" policies, regulations, laws or rules(collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders may be required to obtain, verify and record information regarding the Canadian Obligors and their respective directors, authorizing signing officers, direct or indirect shareholders or other Persons in control of the Canadian Obligors, and the transactions contemplated hereby. Each Canadian Obligor shall promptly (and, in any event, within ten (10)Business Days after request therefor) provide all such information, including supporting documentation and other evidence, as may be reasonably requested in writing by any Lender or any prospective assignee or participant of a Lender or Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If Agent has ascertained the identity of any Canadian Obligor or any authorized signatories of any Canadian Obligor for the purposes of applicable AML Legislation, then the Agent:

i. 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 Agent within the meaning of the applicable AML Legislation; and

ii. 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 Lender agrees that Agent has no obligation to ascertain the identity of the Canadian Obligors or any authorized signatories of the Canadian Obligors on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Canadian Obligors or any such authorized signatory in doing so.

[Remainder of page intentionally left blank; signatures begin on following page]

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IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date set forth above.

**US BORROWERS:**

**MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MED-ENG, LLC  
SENCAN HOLDINGS, LLC  
ATLANTIC TACTICAL, INC.**

By: /s/ BLAINE BROWERS

Name: Blaine Browers

Title: Chief Financial Officer

Address: 13386 International Parkway Jacksonville, Florida 32218

Attn: Blaine Browers

Chad Appleby

Email: Blaine.Browers@safariland.com

Chad.Appleby@safariland.com

Phone: (904) 741-1742

(904) 807-4975

With a copy to:

Kane Kessler, P.C.

666 Third Avenue, 23rd Floor

New York, NY 10017

Attn: Robert L. Lawrence

Aris Haigian

Gary Constable

Email: rlawrence@kanekessler.com

ahaigian@kanekessler.com

gconstable@kanekessler.com

Phone: (212) 519-5103

[Signature Page to Term Loan and Security Agreement]

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**CANADIAN BORROWERS:**

MED-ENG HOLDINGS ULC  
PACIFIC SAFETY PRODUCTS INC.

By: /s/ BLAINE BROWERS

Name: Blaine Browsers

Title: Chief Financial Officer

Address: 13386 International Parkway Jacksonville, Florida 32218

Attn: Blaine Browsers

Chad Appleby

Email: Blaine.Browsers@safariland.com

Chad.Appleby@safariland.com

Phone: (904) 741-1742

(904) 807-4975

With a copy to:

Kane Kessler, P.C.

666 Third Avenue, 23rd Floor

New York, NY 10017

Attn: Robert L. Lawrence

Aris Haigian

Gary Constable

Email: rlawrence@kanekessler.com

ahaigian@kanekessler.com

gconstable@kanekessler.com

Phone: (212) 519-5103

(212) 519-5125

(212) 519-5108

[Signature Page to Term Loan and Security Agreement]

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**US GUARANTORS:**

**LAWMEN'S DISTRIBUTION, LLC,  
SAFARILAND DISTRIBUTION, LLC,  
UNITED UNIFORM DISTRIBUTION, LLC,  
GH ARMOR SYSTEMS INC.  
DEFENSE TECHNOLOGY, LLC,**

By: /s/ BLAINE BROWERS

Name: Blaine Browsers

Title: Chief Financial Officer

Address: 13386 International Parkway

Jacksonville, Florida 32218

Attn: Blaine Browsers

Chad Appleby

Blaine.Browsers@safariland.com

Email: Chad.Appleby@safariland.com

Phone: (904) 741-1742

(904) 807-4975

With a copy to:

Kane Kessler, P.C.

666 Third Avenue, 23rd Floor

New York, NY 10017

Attn: Robert L. Lawrence

Aris Haigian

Gary Constable

Email: rlawrence@kanekessler.com

ahaigian@kanekessler.com

gconstable@kanekessler.com

Phone: (212) 519-5103

[Signature Page to Term Loan and Security Agreement]

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**AGENT:**

**GUGGENHEIM CREDIT SERVICES, LLC**

By: /s/ JOHN F. MULREANEY

Name: John F. Mulreaney

Title: Attorney-in-Fact

Address:

Guggenheim Credit Services, LLC  
330 Madison Avenue, 11th Floor  
New York, NY 10017  
Attn: GI Ops NY Loan Agency  
Fax: (212) 644-8396  
Email: GIOpsNYLoanAgency@guggenheimpartners.com

With a copy to:

Guggenheim Credit Services, LLC  
330 Madison Avenue, 11th Floor  
New York, NY 10017  
Attn: GI Legal  
Fax: (212) 644-8107  
Email: GILegalTransactionsGroup@guggenheimpartners.com

and

Paul Hastings LLP  
200 Park Avenue  
New York, NY 10166  
Attn: Jennifer Yount, Esq.  
Fax: (212) 303-7008  
Email: jenniferyount@paulhastings.com

[Signature Page to Term Loan and Security Agreement]

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**LENDERS:**

**GUGGENHEIM MM CLO 2018-1, LTD.**

By: Guggenheim Partners Investment Management, LLC as Collateral Manager

**GUGGENHEIM MM CLO 2019-2, LTD.**

By: Guggenheim Partners Investment Management, LLC as Collateral Manager

**HOBSON CAPITAL, LLC**

By: Guggenheim Partners Investment Management, LLC as Collateral Manager

By: /s/ KEVIN M. ROBINSON

Name: Kevin M. Robinson

Title: Attorney-In-Fact

**PRIVATE DEBT INVESTORS FEEDER, LLC**

By: Guggenheim Corporate Funding, LLC, as Manager

By: /s/ KEVIN M. ROBINSON

Name: Kevin M. Robinson

Title: Attorney-In-Fact

Address:

Guggenheim Credit Services, LLC  
330 Madison Avenue, 11th Floor  
New York, NY 10017  
Attn: GI Ops NY Loan Agency  
Fax: (212) 644-8396  
Email: GIOpsNYLoanAgency@guggenheimpartners.com



With a copy to:

Guggenheim Credit Services, LLC  
330 Madison Avenue, 11th Floor  
New York, NY 10017  
Attn: GI Legal  
Fax: (212) 644-8107  
Email: [GILegalTransactionsGroup@guggenheimpartners.com](mailto:GILegalTransactionsGroup@guggenheimpartners.com)

and

Paul Hastings LLP  
200 Park Avenue  
New York, NY 10166  
Attn: Jennifer Yount, Esq.  
Fax: (212) 303-7008  
Email: [jenniferyount@paulhastings.com](mailto:jenniferyount@paulhastings.com)

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March 1, 2021

Maui Acquisition Corp.  
 Safariland, LLC  
 Safariland Global Sourcing, LLC  
 Horsepower, LLC  
 Med-Eng, LLC  
 Sencan Holdings, LLC  
 Atlantic Tactical, Inc.  
 Lawmen's Distribution, LLC  
 Safariland Distribution, LLC  
 United Uniform Distribution, LLC  
 Defense Technology, LLC  
 GH Armor Systems Inc.  
 Med-Eng Holdings ULC  
 Pacific Safety Products Inc.

13386 International Parkway  
 Jacksonville, Florida 32218  
 Attn: Blaine Browers and Chad Appleby

Re: First Amendment to Term Loan and Security Agreement (this "Amendment")

Ladies and Gentlemen:

We refer to that certain Term Loan and Security Agreement dated as of November 17, 2020 by and among **MAUI ACQUISITION CORP.**, a Delaware corporation ("Holdings"), **SAFARILAND, LLC**, a Delaware limited liability company ("Safariland"), **SAFARILAND GLOBAL SOURCING, LLC**, a Delaware limited liability company ("Global Sourcing"), **HORSEPOWER, LLC**, a Delaware limited liability company ("Horsepower"), **MED- ENG, LLC**, a Delaware limited liability company ("Med-Eng"), **SENCAN HOLDINGS, LLC**, a Delaware limited liability company ("Sencan Holdings"), **ATLANTIC TACTICAL, INC.**, a Pennsylvania corporation ("ATI") and, together with Holdings, Safariland, Global Sourcing, Horsepower, Med-Eng and Sencan Holdings, collectively, "US Borrowers"), **MED-ENG HOLDINGS ULC**, a British Columbia unlimited liability company ("Med- Eng Holdings"), **PACIFIC SAFETY PRODUCTS INC.**, a Canadian corporation ("PSP") and, together with Med-Eng Holdings, collectively, "Canadian Borrowers"), the other Obligor party thereto, the Lenders (as defined therein) from time to time party thereto and GUGGENHEIM CREDIT SERVICES, LLC, as agent for the Lenders (the "Original Loan Agreement"), as at any time further amended, restated, supplemented or otherwise modified, the "Loan Agreement"). Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms under the Loan Agreement.

Subject to the terms and conditions set forth herein, Agent and Required Lenders are willing to enter into this Amendment.

The parties also desire to amend the Loan Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this Amendment, and for good and valuable consideration, the receipt of which is hereby acknowledged, Required Lenders, Agent, and Obligors hereby agree as follows.

1. **Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in **Section 2** of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By adding the following new definitions of "First Amendment Date" and "Qualified LTIP Accrual Amounts" to **Section 1.1** of the Loan Agreement in proper alphabetical order:

First Amendment Date: March 1, 2021.

Qualified LTIP Accrual Amounts: Any accrued compensation expense (to the extent such expense is deducted in the calculation of net income) under a Long Term Incentive Plan of any of the Obligors or Subsidiaries when (i) no Default or Event of Default is existing immediately before giving effect to such accrual or will result immediately after giving effect to such accrual, (ii) Borrowers provide Agent evidence that after giving effect to the consummation of such accrual, Borrowers and their Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0, as measured on the Compliance Certificate (in respect of the quarter in which such accrual was made) provided on the next date Obligors have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve fiscal month period then ended, (iii) immediately after giving effect to such accrual, the Leverage Ratio of the Obligors, on a consolidated basis, is less than or equal to 5.00 to 1.00, as measured on the Compliance Certificate (in respect of the quarter in which such accrual was made) provided on the next date Obligors have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve fiscal month period then ended, and (iv) each Obligor and each Guarantor shall be Solvent immediately before and immediately after giving effect to such accrual.

(b) By amending and restating clause (g) in the definition of EBITDA as follows:

(g) (I) non- cash compensation to officers, directors and employees paid in the form of Equity Interests to the extent permitted by Section 10.2.17 and (II) cash compensation consisting of Qualified LTIP Accrual Amounts to officers, directors and employees up to a maximum in respect of each Fiscal Year of the Company equal to (x) the greater of (A) \$2,000,000 or (B) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination less (y) the aggregate amount of Permitted Distributions made under clause (d) of the definition thereof during such period,

(c) By amending and restating the following definition of "New Foreign Holdcos" in **Section 1.1** of the Loan Agreement:

New Foreign Holdcos: one or more Non-Obligor Subsidiaries that are organized under the laws of the Netherlands (or such other jurisdiction of formation reasonably acceptable to the Required Lenders) or, subject to **Section 7.6(c)**, under the laws of Hong Kong and in each case formed after the Closing Date.

(d) By amending and restating clause (d) of the definition of “Permitted Distributions” in Section 1.1 of the Loan Agreement as follows:

(d) following December 31, 2020, Distributions on account of redemptions of Equity Interests of Holdings held by employees, officers, or directors of Holdings (or any spouses, ex-spouses, estates or Affiliates of any of the foregoing); provided, that the aggregate amount of such redemptions made by Holdings in respect of each Fiscal Year prior to the Maturity Date shall not exceed (x) the greater of (i) \$2,000,000 or (ii) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination in respect of which financial statements have been (or were required to be) delivered pursuant to Section 10.1.2(a) or (b), as applicable less (y) the aggregate amount of cash compensation consisting of Qualified LTIP Accrual Amounts added to EBITDA pursuant to clause (g)(II) thereof in respect of such period; provided, further, that Distributions under this clause (d) shall be subject to the satisfaction of the following conditions: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Revolving Loans made under the Revolving Loan Agreement to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Revolving Loans made under the Revolving Loan Agreement to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments (as defined in the Revolving Loan Agreement) and (B) \$11,500,000, (iv) Borrowers provide Agent evidence that after giving effect to the consummation of such Distribution, Borrowers and their Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended fiscal month for which Obligor have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve fiscal month period then ended, (v) after giving effect to the consummation of such Distribution, the Leverage Ratio of the Obligor, on a consolidated basis, is less than or equal to 5.00 to 1.00; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligor have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve fiscal month period then ended, and (vi) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution.

(e) By adding the following new clause (y) to **Section 6** of the Loan Agreement:

(y) to the extent any proceeds of such Delayed Draw US Loan shall be used to finance the acquisition of any Person organized or incorporated under (or any Person that owns any material assets located in, or any material Subsidiaries organized or incorporated under) the laws of any jurisdiction other than the United States or any State thereof or which is unable to become a US Obligor, the Agent shall have consented in writing to such use of proceeds.

(f) By adding the following new clause (c) to **Section 7.6** of the Loan Agreement:

(c) To the extent that in any period for which a Compliance Certificate is delivered to Agent hereunder the consolidated EBITDA of all New Foreign Holdcos formed under the laws of Hong Kong and their Subsidiaries that do not guaranty any of the Obligations is greater than 20% of the consolidated EBITDA of Holdings and all of its Subsidiaries, at Agent's election at any time after the delivery of such Compliance Certificate and notice thereof to the Borrower Agent, the Obligor shall (i) redomicile such New Foreign Holdcos in a jurisdiction reasonably satisfactory to Agent (other than Hong Kong) or otherwise enter into one or more Permitted Foreign Restructuring Transactions consented to by Agent, and (ii) execute and deliver to Agent a pledge, in form and substance reasonably satisfactory to Agent, of 100% of the outstanding Equity Interests of such New Foreign Holdcos, as applicable, and, in connection therewith, any other Subsidiary replacing such New Foreign Holdcos as a direct Subsidiary of a US Obligor, 100% of the outstanding Equity Interests of such Subsidiary) to secure the US Direct Obligations, in each case within 90 days of the notice of such election (or such later date as the Agent may consent to in writing in its discretion); provided, that, in connection with foregoing, Obligor shall (1) deliver to Agent any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank by a duly authorized officer of the applicable pledging Obligor, (2) if requested by Agent in its discretion, deliver to Agent legal opinions relating to the matters described in this provision, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent, and (3) take such other action as the Agent in good faith deems necessary or appropriate to perfect Agent's security interest in such Equity Interests.

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(g) By amending and restating **Section 11.1(p)** of the Loan Agreement as follows:

(p) From and after May 31, 2021, Horsepower shall hold or acquire Property which is located outside of the United States having a fair market or book value (whichever is more) in excess of \$250,000 other than (i) Equity Interests which are required to be pledged as Collateral or collaterally assigned to Agent as security for the Obligations pursuant to this Agreement; and (ii) Property of the type described in clause (d) of the definition of Excluded Collateral.

(h) By amending and restating **Exhibit C** to the Loan Agreement in the form attached hereto as **Exhibit A**.

**2. Conditions Precedent.** The effectiveness of **Section 1** of this Amendment as of the Effective Date shall be subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent (as determined by Agent in its sole discretion):

(i) Agent shall have received an original signed counterpart to this Amendment from the Required Lenders and each Obligor;

(ii) After giving effect to this Amendment, the representations and warranties contained herein, in the Loan Agreement, and in the other Loan Documents, in each case shall be true and correct in all material respects (other than those representations and warranties that are expressly qualified by a Material Adverse Effect or other materiality, in which case such representations and warranties shall be true and correct in all respects and other than those representations and warranties that are expressly made as of an earlier specified date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier specified date);

(iii) No Default or Event of Default shall have occurred and be continuing as of the First Amendment Date, nor shall either result from the consummation of the transactions contemplated herein;

(iv) Agent shall have received such other documents, instruments and agreements as shall be requested by the Required Lenders in their reasonable discretion; and

(v) Obligor shall have paid all fees and expenses due and owing as of the First Amendment Date to Paul Hastings LLP as counsel to the Lenders.

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3. **Expense Reimbursement.** Obligors agree to pay, on demand, all costs and expenses incurred by Agent and Lenders in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent and Lender's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby. The Agent is hereby directed by the Required Lenders to execute this Amendment and in executing this Amendment, the Agent shall be entitled to the rights, protections and benefits of the Agent as set forth in the Loan Documents. The Agent assumes no responsibility for the correctness of the recitals contained herein, which shall be taken as the statements of the Obligors and the Agent shall not be responsible or accountable in any way whatsoever for or with respect to the validity, execution or sufficiency of this Amendment and makes no representation with respect thereto.

4. **Agent Authorization.** By executing this Amendment, the Required Lenders hereby authorize Agent to execute this Amendment and any and all other documents, releases, agreements, letters or further documents related hereto.

5. **Release.** (a) On the First Amendment Date, in consideration of the Lenders' and the Agent's agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Obligor, on behalf of itself and its successors and assigns, subsidiaries, divisions, and predecessors (each Obligor and all such other persons being hereinafter referred to collectively as the "Releasing Parties" and individually as a "Releasing Party"), hereby absolutely, unconditionally, and irrevocably releases, remises, and forever discharges the Agent, each Lender (in its capacity as such), and each of their respective successors and assigns, and their respective present and former shareholders, members, managers, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives, and other representatives (Agent, Lenders, and all such other persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from any and all demands, actions, causes of action, suits, damages, and any and all other claims, counterclaims, defenses, rights of set off, demands, and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every kind and nature, known or unknown, suspected or unsuspected, at law or in equity, which any Releasing Party or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have, or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause, or thing whatsoever which arises at any time on or prior to the date of this Amendment for or on account of, in relation to, or in any way in connection with this Amendment, the Loan Agreement, any of the other Loan Documents, or any of the transactions hereunder or thereunder.

(a) Each Obligor understands, acknowledges, and agrees that the release set forth above may be pleaded as a full and complete defense to any Claim and may be used as a basis for an injunction against any action, suit, or other proceeding which may be instituted, prosecuted, or attempted in breach of the provisions of such release.

(b) Each Obligor agrees that no fact, event, circumstance, evidence, or transaction which could now be asserted or which may hereafter be discovered will affect in any manner the final, absolute, and unconditional nature of the release set forth above.

(c) On and after the First Amendment Date, each Obligor hereby absolutely, unconditionally and irrevocably covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding, or otherwise) any Releasee on the basis of any Claim released, remised, and discharged by any Borrower pursuant to **Section 5(a)** above. If any Obligor violates the foregoing covenant, the Borrowers, for themselves and their successors and assigns, their subsidiaries, divisions, and predecessors agree to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all reasonable attorneys' fees and costs incurred by any Releasee as a result of such violation.

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6. **Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligors and this Amendment has been duly executed and delivered by Obligors; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

7. **Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

8. **Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default in accordance with the terms and conditions set forth in **Section 11.1** of the Loan Agreement.

9. **Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

10. **Ratification and Reaffirmation; No Novation, etc.** Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement and each of the other Loan Documents and all of such Obligor's covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents. Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

11. **Miscellaneous.** This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles (but giving effect to federal laws relating to national banks). This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

[Signature Pages Follow]

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Very truly yours,

AGENT:

GUGGENHEIM CREDIT SERVICES, LLC

By: /s/ JOHN F. MULREANEY  
Name: John F. Mulreaney  
Title: Attorney-in-Fact

[Signature Page to First Amendment to Term Loan and Security Agreement]

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**US BORROWERS:**

**MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MED-ENG, LLC  
SENCAN HOLDINGS, LLC  
ATLANTIC TACTICAL, INC.**

By: /s/ BLAINE BROWERS  
Name: Blaine Browsers  
Title: Chief Financial Officer

**CANADIAN BORROWERS:**

**MED-ENG HOLDINGS ULC  
PACIFIC SAFETY PRODUCTS INC.**

By: /s/ BLAINE BROWERS  
Name: Blaine Browsers  
Title: Chief Financial Officer

**US GUARANTORS:**

**DEFENSE TECHNOLOGY, LLC  
LAWMEN'S DISTRIBUTION, LLC,  
SAFARILAND DISTRIBUTION, LLC,  
UNITED UNIFORM DISTRIBUTION, LLC,  
GH ARMOR SYSTEMS INC.**

By: /s/ BLAINE BROWERS  
Name: Blaine Browsers  
Title: Chief Financial Officer

[Signature Page to First Amendment to Term Loan and Security Agreement]

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**REQUIRED LENDERS:**

**GUGGENHEIM MM CLO 2018-1, LTD.**

By: Guggenheim Partners Investment Management,  
LLC as Collateral Manager

**GUGGENHEIM MM CLO 2019-2, LTD.**

By: Guggenheim Partners Investment Management,  
LLC as Collateral Manager

**HOBSON CAPITAL, LLC**

By: Guggenheim Partners Investment Management,  
LLC as Collateral Manager

By: /s/ KEVIN M. ROBINSON

Name: Kevin M. Robinson  
Title: Attorney-in-Fact

**PRIVATE DEBT INVESTORS FEEDER, LLC**

By: Guggenheim Corporate Funding, LLC, as Manager

By: /s/ KEVIN M. ROBINSON

Name: Kevin M. Robinson  
Title: Attorney-in-Fact

[Signature Page to First Amendment to Term Loan and Security Agreement]

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**MAUI ACQUISITION CORP.,**  
**SAFARILAND, LLC,**  
**SAFARILAND GLOBAL SOURCING, LLC,**  
**HORSEPOWER, LLC,**  
**MUSTANG SURVIVAL HOLDINGS, INC.,**  
**MUSTANG SURVIVAL, INC.,**  
**MUSTANG SURVIVAL MFG, INC.,**  
**MED-ENG, LLC,**  
**TACTICAL COMMAND INDUSTRIES, INC.**  
**SENCAN HOLDINGS, LLC,**  
**ATLANTIC TACTICAL, INC.,**  
**ATLANTIC TACTICAL OF NEW JERSEY INC.,**  
**VIEVU, LLC,**  
**LAWMEN'S DISTRIBUTION, LLC,**  
**SAFARILAND DISTRIBUTION, LLC,**  
**ROGERS HOLSTER CO., LLC,**  
**HOLSTEROPS, LLC and**  
**UNITED UNIFORM DISTRIBUTION, LLC**  
as U.S. Borrowers,  
and  
**MUSTANG SURVIVAL ULC,**  
as Canadian Borrower  
and  
**MED-ENG HOLDINGS ULC**  
as Canadian Guarantor

**SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

Dated as of November 18, 2016

\$50,000,000.00

**CERTAIN FINANCIAL INSTITUTIONS,**

as Lenders,

**BANK OF AMERICA, N.A.,**  
as Agent

and

**MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,**  
as Sole Lead Arranger and Sole Book Runner

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## SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

**THIS SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** is dated as of November 18, 2016 (this "Agreement"), among **MAUI ACQUISITION CORP.**, a Delaware corporation ("Holdings"), **SAFARILAND, LLC**, a Delaware limited liability company ("Safariland"), and **SAFARILAND GLOBAL SOURCING, LLC**, a Delaware limited liability company ("Global Sourcing"), **HORSEPOWER, LLC**, a Delaware limited liability company ("Horsepower"), **MUSTANG SURVIVAL HOLDINGS, INC.**, a Delaware corporation ("Mustang Holdings"), **MUSTANG SURVIVAL, INC.**, a Washington corporation ("Mustang Survival"), **MUSTANG SURVIVAL MFG, INC.**, a Delaware corporation ("Mustang Manufacturing"), **MED-ENG, LLC**, a Delaware limited liability company ("Med-Eng"), **TACTICAL COMMAND INDUSTRIES, INC.**, a California corporation ("TCI"), **SENCAN HOLDINGS, LLC**, a Delaware limited liability company ("Sencan Holdings"), **ATLANTIC TACTICAL, INC.**, a Pennsylvania corporation ("ATI"), **ATLANTIC TACTICAL OF NEW JERSEY INC.**, a New Jersey corporation ("ATINJ"), **VIEVU, LLC**, a Washington limited liability company ("Vievu"), **LAWMEN'S DISTRIBUTION, LLC**, a Delaware limited liability company ("Lawmen's"), **SAFARILAND DISTRIBUTION, LLC**, a Delaware limited liability company ("Distribution"), **ROGERS HOLSTER CO., LLC**, a Florida limited liability company ("Rogers Holster"), **HOLSTEROPS, LLC**, a Florida limited liability company ("HolsterOps"), **UNITED UNIFORM DISTRIBUTION, LLC**, a Delaware limited liability company ("UUD") and, together with Holdings, Safariland, Global Sourcing, Horsepower, Mustang Holdings, Mustang Survival, Mustang Manufacturing, Med-Eng, TCI, Sencan Holdings, ATI, ATINJ, Vievu, Lawmen's, Distribution, Rogers Holster and HolsterOps, collectively, "U.S. Borrowers"), **MUSTANG SURVIVAL ULC**, a British Columbia unlimited liability company ("Canadian Borrower"), **MED-ENG HOLDINGS ULC**, a British Columbia unlimited liability company ("Med-Eng ULC"), as Canadian Guarantor, each other subsidiary of Holdings from time to time party hereto, the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), and **BANK OF AMERICA, N.A.**, a national banking association, as agent for the Lenders ("Agent").

## RECITALS

Holdings, Safariland and Global Sourcing (collectively, "Initial U.S. Borrowers"), Bank of America, N.A., a national banking association, as sole lender, and Agent executed a certain Loan and Security Agreement (as at any time amended, restated, supplemented or otherwise modified prior to the 2013 Closing Date (as defined below), the "Original Loan Agreement") dated July 27, 2012 (the "2012 Closing Date"), pursuant to which Bank of America made certain loans and other financial accommodations available to Initial U.S. Borrowers.

Borrowers (as defined below), Canadian Guarantor, Bank of America, N.A., a national banking association, as sole lender, and Agent are parties to a certain Amended and Restated Loan and Security Agreement (as at any time amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Loan Agreement") dated March 22, 2013 (the "2013 Closing Date"), which amended and restated the Original Loan Agreement (but did not constitute a novation of the indebtedness existing thereunder), pursuant to which Bank of America made certain loans and other financial accommodations available to Borrowers.

Borrowers, Lenders and Agent desire to amend and restate the Existing Loan Agreement on the terms and subject to the conditions set forth herein. This Agreement constitutes an amendment and restatement of the terms of the Existing Loan Agreement but does not constitute a novation of the indebtedness existing thereunder.

In order to (a)utilize the financial powers of Borrowers in the most efficient and economical manner, and (b) facilitate the financing of Borrowers' working capital needs, Lenders will, at the request of Borrowers, extend financial accommodations to Borrowers in accordance with the provisions set forth in this Agreement.

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Borrowers' business is a mutual and collective enterprise, and Borrowers believe that the consolidation of all loans and other financial accommodations under this Agreement will enhance the aggregate borrowing powers of Borrowers and facilitate the administration of their loan relationship with Agent and Lenders, all to the mutual advantage of Borrowers.

Lenders' willingness to extend financial accommodations to Borrowers, and to administer Borrowers' collateral security therefor, on a combined basis as and to the extent more fully set forth in this Agreement, is done solely as an accommodation to Borrowers and at Borrowers' request and in furtherance of Borrowers' mutual and collective enterprise.

**NOW, THEREFORE**, for Ten Dollars (\$10.00) and in consideration of the premises and of the mutual covenants herein contained, the parties hereto, intending to be bound hereby, hereby agree to amend and restate the Existing Loan Agreement as follows:

## **SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION**

**1.1. Definitions.** As used herein, the following terms have the meanings set forth below:

2012 Closing Date: shall have the meaning ascribed to it in the recitals hereto.

2012 Negative Pledge Agreement: that certain Negative Pledge Agreement dated as of the 2012 Closing Date between Safariland and Agent and pertaining to Real Estate owned by Safariland and located at 15 Commercial Street, Pittsfield, Massachusetts.

2013 Closing Date: shall have the meaning ascribed to it in the recitals hereto.

2013 Negative Pledge Agreement: that certain Negative Pledge Agreement dated as of the 2013 Closing Date between Mustang Manufacturing and Agent and pertaining to Real Estate owned by Mustang Manufacturing and located at 222 Juliana Street, Elizabeth, West Virginia and 223 Juliana Street, Elizabeth, West Virginia.

ABL Priority Collateral: as defined in the Intercreditor Agreement (as defined herein).

Account: as defined in the UCC (or, with respect to any Account of a Canadian Obligor, the PPSA), including all rights to payment for goods sold or leased, or for services rendered.

Account Debtor: a Person obligated under an Account, Chattel Paper or General Intangible.

Acquisition: a transaction or series of transactions resulting in (a)acquisition of a business, division, or substantially all assets of a Person; (b)record or beneficial ownership of more than 50% of the Equity Interests of a Person; or (c)merger, consolidation, combination or amalgamation of an Obligor or Subsidiary with another Person (other than such transactions where an Obligor merges, amalgamates or consolidates with another Obligor and the result of such merger, amalgamation or consolidation is that the surviving or continuing entity is an Obligor).

Acquisition Policies: each insurance policy issued in connection with a Permitted Acquisition that insures against a breach of a representation or warranty given under an acquisition agreement entered into in respect of such Permitted Acquisition.

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Adjusted Availability: on any date of determination thereof, the sum of Adjusted U.S. Availability and Canadian Availability. In determining Adjusted Availability on any date, the provisions of **Section 2.1.3** shall be taken into account.

Adjusted U.S. Availability: on any date, the difference derived when the sum of the principal amount of U.S. Revolver Loans then outstanding (including any outstanding Swingline Loans to U.S. Borrowers) is subtracted from the U.S. Borrowing Base (without giving effect to any availability generated from clause (b)(iv) of such definition) on such date (and if such amount outstanding on any date is equal to or greater than the U.S. Borrowing Base (without giving effect to any availability generated from clause (b)(iv) of such definition), then Adjusted U.S. Availability on such date shall be zero or a negative number, as applicable).

Affiliate: with respect to any Person, another Person that, from and after the 2012 Closing Date, directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided, however that neither Agent, nor any Lender, nor the affiliates of the owners of the Equity Interests of Holdings (other than Holdings and its Subsidiaries) shall be deemed to be "Affiliates" of the Obligors. "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. The terms "Controlling" and "Controlled by" and "Controlled by" and "under common Control with" have correlative meanings thereto.

Agent Indemnitees: Agent and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Agreement Currency: as defined in **Section 1.5**.

Allocable Amount: as defined in **Section 5.11.3**.

Anti-Terrorism Law: any law relating to terrorism or money laundering, including the PATRIOT Act and the Proceeds of Crime Act.

Applicable Defaulting Lender: with respect to a Borrower Group, a Defaulting Lender having a Borrower Group Commitment to Borrowers within such Borrower Group.

Applicable Issuing Bank: Bank of America, N.A. or its applicable branch or Affiliate as determined by Agent, and its successors and assigns; provided that as of the Closing Date, Bank of America, N.A. (acting through its Canada branch) shall be the Applicable Issuing Bank in respect of Canadian Letters of Credit.

Applicable Law: all laws, rules, regulations and enforceable governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders, ordinances and decrees of Governmental Authorities.

Applicable Lenders: with respect to a Borrower Group, the Lenders having Borrower Group Commitments to Borrowers within such Borrower Group.

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Applicable Margin: with respect to any Type of Loan, the margin set forth below, as determined by the Average Adjusted Availability for the most recent previous Fiscal Quarter ended:

Level	Average Adjusted Availability	U.S. Base Rate Loans	LIBOR Loans that are U.S. Revolver Loans	Canadian Base Rate and Canadian Prime Rate Loans	LIBOR Loans that are Canadian Revolver Loans and Canadian BA Rate Loans
I	≥ 50% of the Commitments	0.25%	1.50%	1.25%	1.50%
	< 50% of the Commitments and ≥ 25% of the Commitments	0.50%	1.75%	1.50%	1.75%
II					
III	< 25% of the Commitments	0.75%	2.00%	1.75%	2.00%

The margins shall be subject to increase or decrease upon receipt by Agent pursuant to **Section 8.1** of the Borrowing Base Certificate for the most recent previous Fiscal Quarter ended, which change shall be effective on the third day following receipt. If, by the first day of a month, any Borrowing Base Certificate due in the preceding month has not been received, then, at the option of Agent or Required Lenders, the margins shall be determined as if Level III were applicable, from such day until the first day of the calendar month following actual receipt.

Applicable Pension Legislation: on any date, any Canadian pension legislation (whether federal, provincial or territorial) then applicable to an Obligor or any of its Subsidiaries.

Applicable Swingline Lender: Bank of America, N.A. with respect to Swingline Loans made to U.S. Borrowers, and Bank of America, N.A. (acting through its Canada branch) with respect to Swingline Loans made to Canadian Borrower.

Approved Fund: any Person (other than a natural person) that, as one of its principal lines of business, is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of a U.S. Obligor or a Canadian Obligor, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

Assignment and Acceptance: an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit A**.

Attorney: as defined in **Section 12.15(b)**.

Availability: on any date of determination thereof, the sum of U.S. Availability and Canadian Availability. In determining Availability on any date, the provisions of **Section 2.1.3** shall be taken into account.

Average Adjusted Availability: for any calendar period, the amount obtained by adding the actual amount of Adjusted Availability at the end of each day for such period and dividing such sum by the number of days in such period.

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Average Availability: for any calendar period, the amount obtained by adding the actual amount of Availability at the end of each day for such period and dividing such sum by the number of days in such period.

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

Bail-In Legislation: 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 for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

Bank of America: Bank of America, N.A., a national banking association, and its successors and assigns.

Bank of America Indemnites: Bank of America and its officers, directors, employees, Affiliates, branches, agents and attorneys.

Bank Product: any of the following products, services or facilities extended to any Borrower or Subsidiary by a Lender or any of its Affiliates or branches: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card and merchant card services; and (d) other banking products or services as may be requested by any Borrower or Subsidiary, other than Letters of Credit.

Bankruptcy Code: Title 11 of the United States Code.

Base Rate Loan: a Revolver Loan that bears interest based on the Canadian Base Rate or U.S. Base Rate, as the context requires.

Base Rate Revolver Loans: Canadian Base Rate Loans or U.S. Base Rate Loans, as the context requires.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrowed Money: with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrower Agent: as defined in **Section 4.4**.

Borrower Group: a group consisting of (a) U.S. Borrowers and each other U.S. Obligor and (b) Canadian Borrower and each other Canadian Obligor and Foreign Obligor.

Borrower Group Commitment: with respect to the commitment of a Lender to fund Revolver Loans or to participate in LC Obligations of a Borrower Group, the amount of the commitment of such Lender with respect to such Borrower Group as shown on **Schedule 1.1(a)** from time to time (as the same may be modified from time to time as a result of such Lender's consummation of an assignment pursuant to an Assignment and Acceptance); and the term "Borrower Group Commitments" means, with respect to any Borrower Group, the commitments hereunder of all Applicable Lenders to such Borrower Group; provided, however, that the aggregate commitment set forth thereon with respect to each of the Canadian Borrower Group Commitment and the U.S. Borrower Group Commitment shall not be reduced or increased unless agreed to by Borrower Agent other than in connection with an exercise by Agent of its rights and remedies under the Loan Documents.

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Borrower Group Obligations: with respect to any Obligor, the portion of the Obligations owed by such Obligor and such Obligor's Borrower Group. For the avoidance of doubt, with respect to any U.S. Obligor, "Borrower Group Obligations" shall include Canadian Obligations guaranteed by such U.S. Obligor.

Borrower Materials: Borrowing Base information, reports, financial statements and other materials delivered by Borrowers or any other Obligors hereunder, as well as other Reports and information provided by Agent to Lenders.

Borrowers: U.S. Borrowers and Canadian Borrower, including each such Person in its capacity as an LC Borrower.

Borrowing: a group of Loans of one Type that are made on the same day or are converted into Loans of one Type on the same day.

Borrowing Base: the U.S. Borrowing Base or the Canadian Borrowing Base, as applicable.

Borrowing Base Certificate: a certificate, in form and substance satisfactory to Agent, by which Borrowers certify calculation of the U.S. Borrowing Base or the Canadian Borrowing Base, as applicable.

Business Day: any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required to be closed under the laws of New York, and if such day relates to (a) a LIBOR Loan, shall also exclude any day on which banks are not open for the transaction of banking business in London, United Kingdom and (b) a Canadian Revolver Loan, shall also exclude any day on which banks in Vancouver, British Columbia or Toronto, Ontario, Canada are not open for the transaction of banking business.

Calculation Date: as defined in **Section 5.13**.

Canadian Accounts Formula Amount (Eligible Domestic Accounts): 85% of the Value of Eligible Domestic Accounts of Canadian Obligors.

Canadian Accounts Formula Amount (Eligible Foreign Accounts): on any date of determination, the lesser of (a) the Canadian Maximum Eligible Foreign Accounts Loan Cap on such date or (b) 85% of the Value of Eligible Foreign Accounts of Canadian Obligors.

Canadian Affiliate: an Affiliate of an Obligor that is organized under the laws of Canada or any province or territory thereof.

Canadian Availability: on any date, the Canadian Borrowing Base minus Canadian Revolver Usage.

Canadian Availability Reserve: on any date of determination thereof, a Dollar Equivalent amount equal to the sum of the following (without duplication): (a) all amounts of past due rent, fees or other charges owing at such time by any Canadian Obligor to any landlord of any premises where any of the Canadian Collateral (including books and records) is located; (b) any amounts which any Canadian Obligor is obligated to pay pursuant to the provisions of any of the Loan Documents that Agent or any Canadian Lender elects to pay for the account of such Canadian Obligor in accordance with authority contained in any of the Loan Documents; (c) the Inventory Reserve with respect to Inventory of Obligors; (d) the Rent and Charges Reserve with respect to locations of Inventory of Canadian Obligors; (f) the Canadian Bank Product Reserve; (g) all accrued Royalties that have not been paid by Canadian Obligors; (g) the aggregate amount of all liabilities secured by Liens upon Canadian Collateral that are senior to Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (h) the Dilution Reserve with respect to Canadian Obligors; (i) the Canadian Priority Payables Reserve; and (j) such additional reserves, in such amounts and with respect to such matters, as Agent in its reasonable discretion may elect to impose from time to time.

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Canadian BA Rate: with respect to each Interest Period for a Canadian BA Rate Loan, the per annum rate of interest equal to the Canadian Dollar bankers' acceptance rate, or comparable or successor rate approved by Agent, determined by it at or about 10:00 a.m. (Toronto time) on the applicable day (or the preceding Business Day, if the applicable day is not a Business Day) for a term comparable to the Canadian BA Rate Loan, as published on the CDOR or other applicable Reuters screen page (or other commercially available source designated by Agent from time to time); provided, that in no event shall the Canadian BA Rate be less than zero.

Canadian BA Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Canadian Dollars and bearing interest calculated by reference to the Canadian BA Rate.

Canadian Bank Product Reserves: the aggregate amount of reserves established by Agent from time to time in its discretion in respect of Secured Bank Product Obligations secured by Canadian Collateral.

Canadian Base Rate: for any day, the greater of (a) the per annum rate of interest designated by Bank of America, N.A. (acting through its Canada branch) from time to

time as its base rate for commercial loans made by it in Dollars, which rate is based on various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate; (b) the Federal Funds Rate for such day, plus 0.50% per annum; or (c) LIBOR for a 30 day interest period as of such day, plus 1.00%; provided, that in no event shall the Canadian Base Rate be less than zero. Any change in such rate shall take effect at the opening of business on the applicable Business Day.

Canadian Base Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Dollars and bearing interest calculated by reference to the Canadian Base Rate.

Canadian Benefit Plans: all employee benefit plans, programs or arrangements of any nature or kind whatsoever that are not Canadian Pension Plans and are maintained or contributed to by, or to which there is an obligation or contingent obligation to contribute by, any Obligor or its Subsidiaries in respect of their employees or former employees in Canada.

Canadian Borrower: shall have the meaning ascribed to it in the recitals hereto.

Canadian Borrowing Base: with respect to Canadian Obligors on any date of determination thereof, the Dollar Equivalent amount equal to the lesser of:

(a) the Canadian Facility Amount on such date; or

(b) the sum of the Canadian Accounts Formula Amount (Eligible Domestic Accounts) plus the Canadian Accounts Formula Amount (Eligible Foreign Accounts), plus the Canadian Inventory Formula Amount minus the Canadian Availability Reserve.

If any amount in this definition or otherwise comprising a component of the Canadian Borrowing Base is stated in a currency other than Dollars on any date, then such amount on such date shall be equal to the Dollar Equivalent of such amount in such other currency.

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Canadian Collateral: all of each Canadian Obligor's right, title and interest in Property of such Canadian Obligor as more fully described in the applicable Security Documents that now or hereafter secure the payment or performance of any of the Canadian Obligations.

Canadian Designated Person: any Person that is a "designated person", "politically exposed foreign person" or "terrorist group" or similar term or designation as described in any Canadian Economic Sanctions and Export Control Laws.

Canadian Dollars or Cdn \$: the lawful currency of Canada.

Canadian Economic Sanctions and Export Control Laws: any Canadian laws, regulations or orders governing transactions in controlled goods or technologies or dealings with countries, entities, organizations, or individuals subject to economic sanctions and similar measures, including the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Freezing Assets of Corrupt Foreign Officials Act* (Canada), Part II.1 of the *Criminal Code* (Canada) and the *Export and Import Permits Act* (Canada), and any related regulations.

Canadian Facility Amount: an amount equal to \$5,000,000 as the same may be adjusted from time to time pursuant to the provisions of **Section 2.1.6**.

Canadian Guarantor: a Canadian Subsidiary organized under the laws of Canada or a province or territory thereof which provides a Guaranty of the Canadian Obligations.

Canadian IDA: the loan from Safariland to Mustang Canada in the amount of Cdn \$10,713,951 pursuant to an intercompany debt agreement dated March 22, 2013.

Canadian Inventory Formula Amount: on any date of determination, the sum of (a) the lesser of (i) 65% of the Value of Eligible Inventory of Canadian Obligors or (ii) 85% of the NOLV Percentage of the Value of Eligible Inventory of Canadian Obligors plus (b) the least of (i) 65% of the Value of Eligible In-Transit Inventory of Canadian Obligors, (ii) 85% of the NOLV Percentage of the Value of Eligible In-Transit Inventory of Canadian Obligors or (iii) the Canadian Maximum Eligible In-Transit Inventory Loan Cap on such date.

Canadian LC Obligations: on any date, an amount equal to the sum of (without duplication) (a) all amounts then due and payable by Canadian Borrower on such date by reason of any payment that is made by the Applicable Issuing Bank under a Letter of Credit issued pursuant to this Agreement and that has not been repaid to such Issuing Bank or such Agent, plus (b) the aggregate Undrawn Amount of all Letters of Credit which are issued pursuant to this Agreement for the account of Canadian Borrower and which are then outstanding or for which an LC Application has been delivered to and accepted by the Applicable Issuing Bank.

Canadian Lenders: Bank of America, N.A. (acting through its Canada branch) and each other Lender that issues a Borrower Group Commitment to Canadian Borrower.

Canadian Letter of Credit: a standby or documentary letter of credit issued by the Applicable Issuing Bank pursuant to this Agreement for the account of Canadian Borrower, or any indemnity, guaranty, exposure transmittal memorandum or similar form of credit issued by Agent or the Applicable Issuing Bank for the benefit of Canadian Borrower.

Canadian Maximum Eligible Foreign Accounts Loan Cap: on any date, an amount up to \$4,000,000 reported by Canadian Borrower as the "Canadian Maximum Eligible Foreign Accounts Loan Cap" in the most recent Borrowing Base Certificate delivered to Agent; provided, that if no such amount is reported, the Canadian Maximum Eligible Foreign Accounts Loan Cap shall be deemed to be zero.

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Canadian Maximum Eligible In-Transit Inventory Loan Cap: on any date, an amount up to \$2,000,000 reported by Canadian Borrower as the "Canadian Maximum Eligible In-Transit Inventory Loan Cap" in the most recent Borrowing Base Certificate delivered to Agent; provided, that if no such amount is reported, the Canadian Maximum Eligible In-Transit Inventory Loan Cap shall be deemed to be zero.

Canadian Obligations: on any date, the portion of the Obligations outstanding that are owing by Canadian Borrower or any other Canadian Obligor.

Canadian Obligor: Canadian Borrower or a Canadian Guarantor.

Canadian Pension Plan: a plan, program or arrangement which is required to be registered as a pension plan under any Applicable Pension Legislation or tax statute or

regulation in Canada (or any province or territory thereof) maintained or contributed to by, or to which there is an obligation or contingent obligation to contribute by, any Obligor in respect of its Canadian employees or former employees.

Canadian Prime Rate: for any day, the greater of (a) the per annum rate of interest designated by Bank of America, N.A. (acting through its Canada branch) from time to time as its prime rate for commercial loans made by it in Canada in Canadian Dollars, which rate is based on various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate; or (b) the Canadian BA Rate for a one month interest period as of such day, plus 1.00%; provided, that in no event shall the Canadian Prime Rate be less than zero. Any change in such rate shall take effect at the opening of business on the applicable Business Day.

Canadian Prime Rate Loan: a Canadian Revolver Loan, or portion thereof, funded in Canadian Dollars and bearing interest calculated by reference to the Canadian Prime Rate.

Canadian Priority Payables: at any time, with respect to a Canadian Obligor:

(a) the amount past due and owing by such Canadian Obligor, or the accrued amount for which such Canadian Obligor has an obligation to remit to a Governmental Authority or other Person pursuant to any Applicable Law, in respect of (i) pension fund obligations and contributions (including in respect of any solvency or wind-up deficiency); (ii) employment insurance; (iii) goods and services taxes, sales taxes, excise taxes, employee income taxes and other taxes payable or to be remitted or withheld; (iv) workers' compensation; (v) wages, vacation pay and amounts payable under the *Wage Earner Protection Program Act* (Canada); and (vi) other like charges and demands, in each case, in respect of which any Governmental Authority or other Person may claim a security interest, hypothec, prior claim, lien, trust or other claim ranking or capable of ranking in priority to or pari passu with one or more of the Liens granted in the Security Documents; and

(b) the aggregate amount of any other liabilities of such Canadian Obligor (i) in respect of which a trust has been or may be imposed on any Collateral to provide for payment or (ii) which are secured by a security interest, hypothec, prior claim, pledge, lien, charge, right or claim on any Collateral, in each case, pursuant to any Applicable Law and which trust, security interest, hypothec, prior claim, pledge, lien, charge, right or claim on any Collateral, in each case, pursuant to any Applicable Law and which trust, security interest, hypothec, prior claim, pledge, lien, charge, right or claim ranks or is capable of ranking in priority to or pari passu with one or more of the Liens granted in the Security Documents.

Canadian Priority Payables Reserve: on any date of determination for Canadian Obligors, a reserve established from time to time by Agent in its reasonable discretion in such amount as Agent may determine which reflects the unpaid or unremitted Canadian Priority Payables by any Canadian Obligor which would give rise to a Lien ranking in priority to or pari passu with one or more of the Liens granted in the Security Documents.

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Canadian Qualified Lender: a financial institution that is either (i) listed on Schedule I, II, or III of the Bank Act (Canada) or (ii) is not prohibited by Applicable Law, including under the *Bank Act* (Canada), from having a Borrower Group Commitment to Canadian Borrower or making any Canadian Revolver Loans or issuing any Canadian Letters of Credit (or participating in any Canadian LC Obligations) to, or for the account of, Canadian Borrower hereunder, and in either event if such financial institution is not resident in Canada and is not deemed to be resident in Canada for purposes of the *Income Tax Act* (Canada), that financial institution deals at arm's-length with each Canadian Obligor for purposes of the *Income Tax Act* (Canada).

Canadian Revolver Exposure: on any date, an amount equal to the sum of the Canadian Revolver Loans outstanding on such date plus the Canadian LC Obligations on such date.

Canadian Revolver Loans: Revolver Loans made by Canadian Lenders to Canadian Borrower pursuant to **Section 2.1** (including Swingline Loans and Overadvance Loans made to Canadian Borrower and Protective Advances made by Agent as Canadian Revolver Loans), which Revolver Loans shall be denominated in Canadian Dollars (or, upon request by Canadian Borrower, Dollars).

Canadian Revolver Usage: (a) the aggregate amount of outstanding Canadian Revolver Loans; plus (b) the aggregate Stated Amount of outstanding Canadian Letters of Credit, except to the extent Cash Collateralized by Canadian Borrower.

Canadian Security Agreements: the general security agreements executed by each of the Canadian Obligors in favor of Agent.

Canadian Subsidiary: a Subsidiary formed under the laws of Canada or a province or territory thereof.

Capital Expenditures: all liabilities incurred or expenditures made by an Obligor or Subsidiary for the acquisition of fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Collateral: cash, and any interest or other income earned thereon, that is delivered to Agent in accordance with this Agreement by a Borrower Group to Cash Collateralize any Obligations of such Borrower Group.

Cash Collateral Account: a demand deposit, money market or other account established by Agent at such financial institution as Agent may select in its discretion, which account shall be subject to a Lien in favor of Agent.

Cash Collateralize: the delivery of cash to Agent, as security for the payment of Obligations of a Borrower Group, in an amount equal to (a) with respect to LC Obligations of such Borrower Group, 105% of the aggregate LC Obligations of such Borrower Group, and (b) with respect to any inchoate, contingent or other Obligations (including Secured Bank Product Obligations), Agent's good faith estimate of the amount that is due or could become due, including all fees and other amounts relating to such Obligations. "Cash Collateralization" and "Cash Collateralized" have correlative meanings.

Cash Equivalents: (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the United States or Canadian government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by Bank of America or a commercial bank organized under the laws of the United States or any state or district thereof or Canada, rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank described in clause (b); (d) commercial paper issued by Bank of America or rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing within nine months of the date of acquisition; and (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least the Dollar Equivalent of \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

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Cash Management Services: any services provided from time to time by Bank of America or any of its Affiliates or branches to any Borrower or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox and stop payment services.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 *et seq.*).

Change in Law: the occurrence, after the 2012 Closing Date, of (a) the adoption, taking effect or phasing in of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof; or (c) the making, issuance or application of any request, guideline, requirement, ordinance, order or directive (whether or not having the force of law) by any Governmental Authority; provided, however, that "Change in Law" shall include, regardless of the date enacted, adopted or issued, all requests, guidelines, requirements or directives (i) under or relating to the Dodd-Frank Wall Street Reform and Consumer Protection Act, or (ii) promulgated pursuant to Basel III by the Bank of International Settlements, the Basel Committee on Banking Supervision (or any similar authority) or any other Governmental Authority.

Change of Control: at any time, the earliest to occur of: (a) Holdings or Safariland ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests in each U.S. Borrower and Canadian Borrower; (b) (i) at any time prior to a Qualifying IPO, MHLLC ceases to own and control, beneficially and of record, directly or indirectly, more than 50% of the Equity Interests in Holdings and (ii) at any time on or after a Qualifying IPO, the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act, but excluding any employee benefit plan and/or person acting as the trustee, agent or other fiduciary or administrator thereof), other than MHLLC, the Kanders Parties and/or Affiliates of the Kanders Parties, in a single transaction or in a related series of transactions, by way of merger, amalgamation, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of the Equity Interests in Holdings representing more than 35% of the total voting power of all of the outstanding voting stock of Holdings; (c) Kanders SAF, LLC, a Delaware limited liability company and its Affiliates, and the Kanders Parties and their Affiliates, collectively, cease to have effective control of the management of the business and affairs of MHLLC; (d) a change in the majority of directors of Holdings during any 12 month period, unless approved by the majority of directors serving at the beginning of such period; (e) except for Permitted Asset Dispositions, the sale or transfer of all or substantially all of the assets of the Obligors, taken as a whole; or (f) for so long as the Term Loan Agreement is in effect, the occurrence of any "Change of Control" under and as defined in the Term Loan Agreement.

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Chattel Paper: as defined in the UCC (or, with respect to any Chattel Paper of a Canadian Obligor, the PPSA).

Claims: all claims, liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations or replacement of Agent or any Lender) incurred by any Indemnitee or asserted against any Indemnitee by any Obligor or other Person, in any way relating to (a) any Loans, Letters of Credit, Loan Documents, Borrower Materials, or the use thereof or transactions relating thereto, (b) any action taken or omitted in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

Closing Date: as defined in **Section 6.1**.

Code: the Internal Revenue Code of 1986.

Collateral: all Property that is U.S. Collateral or Canadian Collateral.

Commodity Exchange Act: the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*).

Commercial Tort Claim: as defined in the UCC.

Commitment: for any Lender, with respect to any Borrower Group, the aggregate amount of such Lender's Borrower Group Commitment to Borrowers within such Borrower Group. "Commitments" with respect to any Borrower Group means the aggregate amount of all Borrower Group Commitments to Borrowers within such Borrower Group.

Commitment Termination Date: with respect to all Borrowers and all Borrower Groups, the earliest to occur of (a) the Revolver Termination Date; (b) the date on which Borrowers terminate all of the Borrower Group Commitments pursuant to **Section 2.1.6**; or (c) the date on which the Borrower Group Commitments are terminated pursuant to **Section 11.2**.

Compliance Certificate: a certificate, in form and substance satisfactory to Agent, by which Borrowers certify compliance with **Section 10.3**, and calculate the applicable Level for the Applicable Margin.

Connection Income Taxes: Other Connection Taxes that are imposed on or measured by net income (however denominated), or are franchise or branch profits Taxes.

Contingent Obligation: any obligation of a Person arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation ("primary obligations") of another obligor ("primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

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Copyright Security Agreement: collectively, that certain Copyright Security Agreement dated on or about the 2012 Closing Date between Safariland and Agent, as at

any time amended, restated supplemented or otherwise modified and any other Copyright Security Agreement executed and delivered after the 2012 Closing Date by any Obligor to Agent, as at any time amended, restated supplemented or otherwise modified.

**Covenant Testing Period:** the period (a)commencing on the day that either (i)a Default or an Event of Default occurs or (ii)Availability is less than the greater of (A)15% of the aggregate Commitments and (B)\$6,500,000; and (b)continuing until such time as (i)Borrowers have maintained Availability greater than or equal to the greater of (A) 15% of the aggregate Commitments and (B) \$6,500,000 for a period of 60 consecutive days and (ii) no Default or Event of Default exists.

**Credit Party:** any of Agent, a Lender, an Issuing Bank or a Swingline Lender and "Credit Parties" means Agents, Lenders and Issuing Banks.

**Creditor Representative:** under any Applicable Law, a receiver, interim receiver, receiver and manager, trustee (including any trustee in bankruptcy), custodian, administrator, examiner, sheriff, monitor, assignee, liquidator, provisional liquidator, sequestrator or similar officer or fiduciary.

**CWA:** the Clean Water Act (33 U.S.C. §§ 1251 *et seq.*).

**Debt:** as applied to any Person, without duplication, (a)all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Leases, but excluding (i)Royalties, trade payables and accrued expenses incurred and being paid in the Ordinary Course of Business and reserves probable and estimable in the Ordinary Course of Business and (ii)any preferred stock issued by such Person that is not convertible into Debt; (b)all Contingent Obligations to the extent that such Contingent Obligations would be included as liabilities on a balance sheet in accordance with GAAP, but excluding Contingent Obligations in respect of the matters set forth in items (i)and (ii)of clause (a)above; (c)all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d)in the case of an Obligor, the Borrower Group Obligations of such Obligor; provided, however, that (y)warranty return and product liability reserves in the Ordinary Course of Business and (z) debt incurred in connection with the financing of insurance premiums incurred in the Ordinary Course of Business to the extent that the principal amount does not exceed the Dollar Equivalent of \$8,000,000 in any twelve-month period, shall not constitute Debt. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

**Default:** an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

**Default Rate:** for any Obligation (including, to the extent permitted by law, interest not paid when due), 2% per annum plus the interest rate otherwise applicable thereto.

**Defaulting Lender:** any Lender that, as determined by Agent, (a)has failed to comply with its funding obligations hereunder, and such failure is not cured within three Business Days; (b)has notified Agent or any Borrower that such Lender does not intend to comply with its funding obligations hereunder or has made a public statement to the effect that it does not intend to comply with its funding obligations hereunder or under any other credit facility; (c)has failed, within three Business Days following request by Agent, to confirm in a manner satisfactory to Agent that such Lender will comply with its funding obligations hereunder; or (d)has, or has a direct or indirect parent company that has, become the subject of an Insolvency Proceeding (including reorganization, liquidation, or appointment of a receiver, custodian, administrator, trustee, monitor or similar Person by the Federal Deposit Insurance Corporation or any other regulatory authority) or Bail-In Action; provided, however, that a Lender shall not be a Defaulting Lender solely by virtue of a Governmental Authority's ownership of an equity interest in such Lender or parent company unless the ownership provides immunity for such Lender from jurisdiction of courts within the United States or Canada or from enforcement of judgments or writs of attachment on its assets, or permits such Lender or Governmental Authority to repudiate or otherwise to reject such Lender's agreements.

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**Deposit Account:** as defined in the UCC.

**Deposit Account Control Agreements:** the Deposit Account control agreements to be executed by each institution maintaining a Deposit Account for a U.S. Obligor or Canadian Obligor, in favor of Agent, as security for the Borrower Group Obligations of such Obligor.

**Designated Jurisdiction:** a country or territory that is the subject of a Sanction.

**Dilution Percent:** the percent, determined for Obligors' most recent twelve fiscal month period (or such shorter period as determined by Agent) ending as of the most recently ended fiscal month for which Obligors have delivered the Borrowing Base Certificate required under **Section 8.1**, equal to (a)bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Accounts, divided by (b) gross sales.

**Dilution Reserve:** as of any date of determination, an amount sufficient to reduce the advance rate against Eligible Domestic Accounts of Canadian Obligors, Eligible Domestic Accounts of U.S. Borrowers, Eligible Foreign Accounts of Canadian Obligors or Eligible Foreign Accounts of U.S. Borrowers, as applicable, by 1.0% for each percentage point (or portion thereof) that the Dilution Percent exceeds 5.0%.

**Distribution:** any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt (other than the Term Loan Debt, Debt repaid in connection with the Holdings IDA, the Canadian IDA and the UK IDA, and Debt of the type permitted by **Section 10.2.1(t)**, repayments of which shall be governed by **Section 10.2.8**) to a holder of Equity Interests (other than advances or distributions to officers or employees otherwise permitted under this Agreement); or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

**Document:** as defined in the UCC (or, with respect to any Document of any Canadian Obligor, a "document of title" as defined in the PPSA).

**Dollar Equivalent:** on any date, with respect to any amount denominated in Dollars, such amount in Dollars, and with respect to any stated amount in currency other than Dollars, the amount of Dollars that Agent determines (which determination shall be conclusive and binding absent manifest error) would be necessary to be sold on such date at the applicable Spot Rate to obtain the stated amount of the other currency.

**Dollars:** lawful money of the United States.

**Domestic Subsidiary:** a Subsidiary of Holdings that is incorporated under the laws of a state of the United States or the District of Columbia.

**Dominion Account:** a special account established by Borrowers of each Borrower Group at Bank of America or its branches over which Agent has exclusive control for withdrawal purposes.

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**EBITDA:** determined on a consolidated basis for Obligors and Subsidiaries, net income, calculated before (a)interest expense, (b)provision for income and franchise



taxes, (c) depreciation and amortization expense, (d) gains or losses arising from the sale of capital assets, (e) net gains arising from the write-up of assets, (f) any net extraordinary gains (after deducting any extraordinary losses), (g) non-cash compensation to officers, directors and employees paid in the form of Equity Interests to the extent permitted by **Section 10.2.17**, (h) non-cash facilities relocation costs, fees, expenses or charges relating to non-recurring plant shutdowns and discontinuance of operations and acquisition integration costs and fees but only to the extent constituting Permitted Pro Forma Adjustments; (i) cash facilities relocation costs, fees, expenses or charges relating to non-recurring plant shutdowns and discontinuance of operations and acquisition integration costs and fees but only to the extent constituting Permitted Pro Forma Adjustments; provided, however, that the amount added back pursuant to this clause (i) shall not in any period exceed 15% of EBITDA for any period, (j) any non-cash write-offs, write-downs or other non-cash charges of assets not constituting ABL Priority Collateral (excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period), (k) the effect on earnings of any write-ups or write-downs of Inventory following the closing of the Transactions or any Permitted Acquisition, in each case as a result of purchase accounting, in an aggregate amount not to exceed the Dollar Equivalent of \$5,000,000 for any single Permitted Acquisition, (l) the amount of (i) any reserve or accrual for, or (ii) any payments on account of, any acquisition-related earn-outs, contingent consideration or deferred purchase price of any kind in connection with Permitted Acquisitions (provided that any such amounts payable in cash constitute Subordinated Debt and any such payments which are made in cash may only be added back if permitted pursuant to **Section 10.2.8**), in an amount not to exceed the Dollar Equivalent of \$6,000,000 for any single Permitted Acquisition and in an amount not to exceed the Dollar Equivalent of \$15,000,000 for all Permitted Acquisitions made during the term of this Agreement, (m) any costs or expenses incurred by Obligors and their Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or stockholders agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Obligors or Net Cash Proceeds of the issuance of Equity Interests of the Obligors concurrently with, or within ten (10) days of, the incurrence of such costs or expenses, (n) any costs or expenses incurred by Obligors to the extent either (i) cash reimbursement is received therefore from another Person within the same period in which the cost or expense is incurred or (ii) the costs or expenses are indemnified by, or reimbursable from, a third party (provided, however, that if such costs or expenses are not reimbursed within 60 days of the end of the applicable measurement period, then such costs and expenses shall not be added back), and (o) costs and expenses incurred in connection with the Transactions, in each of clauses (a) through (o), to the extent included in determining net income; provided, that, in each case, for the Fiscal Year specified, the following amounts shall be added back to EBITDA: (x) with respect to the Fiscal Year ending December 31, 2017, up to \$3,000,000 of ERP Operating Expenses made in such Fiscal Year; and (y) with respect to the Fiscal Year ending December 31, 2018, up to \$1,500,000 of ERP Operating Expenses made in such Fiscal Year. "Permitted Pro Forma Adjustments" as applied to any Person or business unit acquired or disposed of on or after the 2012 Closing Date means any adjustment to the actual results of operations of such Person or business unit that is permitted to be recognized in pro forma financial statements prepared in accordance with Regulation S-X of the Securities Act of 1933 or that are otherwise approved by Agent to reflect verifiable and adequately documented severance payments and reductions in, among other items, officer and employee compensation, insurance expenses, interest expense, rental expense and other overhead expense, and other quantifiable expenses which are not anticipated to be incurred on an ongoing basis following consummation of such Acquisitions or dispositions.

EEA Financial Institution: (a) any credit institution or investment firm established in an EEA Member Country that is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) above; or (c) any financial institution established in an EEA Member Country that is a subsidiary of an institution described in the foregoing clauses and is subject to consolidated supervision with its parent.

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EEA Member Country: any of the member states of the European Union, Iceland, Liechtenstein and Norway.

EEA Resolution Authority: any public administrative authority or any Person entrusted with public administrative authority of an EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

Eligible Accounts: Eligible Domestic Accounts and Eligible Foreign Accounts.

Eligible Assignee: a Person that is (a) (i) a Lender, Affiliate of a Lender or Approved Fund and (ii) if a Canadian Lender (unless an Event of Default shall have occurred and be continuing), a Canadian Qualified Lender; (b) (i) any other financial institution approved by Borrower Agent (which approval shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment) and Agent, which extends revolving credit facilities of this type in its ordinary course of business and (ii) if a Canadian Lender (unless an Event of Default shall have occurred and be continuing), a Canadian Qualified Lender; and (c) if an Event of Default exists, any Person acceptable to Agent in its discretion.

Eligible Domestic Account: an Account owing to a U.S. Borrower or a Canadian Obligor that arises in the Ordinary Course of Business from the sale of goods or rendition of services, is payable in Dollars (or, in the case of an Account owing to a Canadian Obligor only, Dollars or Canadian Dollars) and is deemed by Agent, in its reasonable discretion, to be an Eligible Domestic Account. Without limiting the foregoing, no Account shall be an Eligible Domestic Account if (a) it is unpaid for more than 60 days after the original due date, or more than 120 days after the original invoice date; (b) 50% or more of the Accounts owing by the Account Debtor are not Eligible Accounts under the foregoing clause; (c) when aggregated with other Accounts owing by the Account Debtor and its Affiliates, it exceeds 15% of the aggregate Eligible Accounts (or such higher percentage as Agent may establish for the Account Debtor from time to time); (d) it does not conform with a covenant or representation herein; (e) it is owing by a creditor or supplier, or is otherwise subject to a potential offset, counterclaim, dispute, deduction, discount, recoupment, reserve, defense, chargeback, credit, allowance or warranty or recall claim (but ineligibility shall be limited to the amount thereof); (f) an Insolvency Proceeding has been commenced by or against the Account Debtor; or the Account Debtor has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs, is not Solvent, or is subject to any Sanction or on any specially designated nationals list maintained by OFAC or is a Canadian Designated Person; or a Borrower or other Canadian Obligor is not able to bring suit or enforce remedies against the Account Debtor through judicial process; (g) the Account Debtor is organized or has its principal offices or assets outside the United States, Canada or the United Kingdom; (h) it is owing by a Governmental Authority, unless the Account Debtor is the United States or Canada or any department, agency or instrumentality thereof or any city, county, municipality, state or province in the United States or Canada; provided, that if requested by Agent at any time, the Account has been assigned to Agent in compliance with applicable assignment of claims laws; (i) it is not subject to a duly perfected, first priority Lien in favor of Agent, or is subject to any other Lien other than the Lien of Term Loan Agent so long as the Intercreditor Agreement remains in effect (unless terminated by the mutual agreement of Agent and Term Loan Agent); (j) the goods giving rise to it have not been delivered to the Account Debtor, the services giving rise to it have not been accepted by the Account Debtor, or it otherwise does not represent a final sale; (k) it is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment; (l) its payment has been extended or the Account Debtor has made a partial payment; (m) it arises from a sale to an Affiliate, from a sale on a cash-on-delivery, bill-and-hold, sale-or-return, sale-on-approval, consignment, or other repurchase or return basis, or from a sale for personal, family or household purposes; (n) it represents a progress billing or retainage, or relates to services for which a performance, surety or completion bond or similar assurance has been issued; (o) it includes a billing for interest, fees or late charges, but ineligibility shall be limited to the extent thereof; (p) it constitutes an unposted credit; or (q) Agent, in its discretion, deems it to be ineligible. In calculating delinquent portions of Accounts under clauses (a) and (b), credit balances more than 120 days old will be excluded.

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Eligible Foreign Account: an Account of a U.S. Borrower or a Canadian Obligor which would satisfy all of the criteria for Eligible Domestic Accounts, as determined by Agent, in its discretion (except that the Account Debtor is organized or has its principal offices or assets outside the United States, Canada or the United Kingdom) so long as the Account Debtor is not subject to any Sanction or on any specially designated nationals list maintained by OFAC or is a Canadian Designated Person and a Borrower is able to bring suit or enforce remedies against the Account Debtor through judicial process.

**Eligible In-Transit Inventory:** Inventory owned by a U.S. Borrower or a Canadian Obligor that would be Eligible Inventory if it were not subject to a Document and in transit from a foreign location to a location of a U.S. Borrower within the United States or a Canadian Obligor within Canada, and that Agent, in its discretion, deems to be Eligible In-Transit Inventory. Without limiting the foregoing, unless otherwise agreed by Agent in its sole discretion, no Inventory shall be Eligible In-Transit Inventory unless it (a) is subject to a negotiable Document showing Agent (or, with the consent of Agent, the applicable U.S. Borrower or Canadian Obligor) as consignee, which Document is in the possession of Agent or such other Person as Agent shall approve; (b) is fully insured in a manner satisfactory to Agent; (c) is not sold by a vendor that has a right to reclaim, divert shipment of, repossess, stop delivery, claim any reservation of title or otherwise assert Lien rights against the Inventory, or with respect to whom any Borrower or any Canadian Obligor is in default of any obligations; (d) is subject to purchase orders and other sale documentation satisfactory to Agent, and title has passed to a U.S. Borrower or a Canadian Obligor; (e) is shipped by a common carrier that is not affiliated with the vendor, is not subject to any Sanction, is not on any specially designated nationals list maintained by OFAC, and is not a Canadian Designated Person; and (f) is being handled by a customs broker, freight-forwarder or other handler that has delivered a Lien Waiver.

**Eligible Inventory:** Inventory owned by a U.S. Borrower or a Canadian Obligor that Agent, in its reasonable discretion, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it (a) is finished goods or raw materials, and not work-in-process, packaging or shipping materials, labels, samples, display items, bags, replacement parts or manufacturing supplies; (b) is not held on consignment, nor subject to any deposit or down payment; (c) is in new and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale; (d) is not slow-moving, perishable, obsolete, unmerchantable or defective, and does not constitute returned or repossessed goods; (e) meets all standards imposed by any Governmental Authority, has not been acquired from a Person subject to any Sanction or on any specially designated nationals list maintained by OFAC or who is a Canadian Designated Person, and does not constitute hazardous materials under any Environmental Law (other than goods sold by a Borrower or Canadian Obligor in the Ordinary Course of Business but only so long as the sale of such Inventory does not violate any Environmental Law); (f) conforms with the covenants and representations herein; (g) is subject to Agent's duly perfected, first priority Lien, and no other Lien other than (i) the Lien of Term Loan Agent so long as the Intercreditor Agreement remains in effect (unless terminated by the mutual agreement of Agent and Term Loan Agent) and (ii) Permitted Liens described in **Sections 10.2.2(d), (e) and (g)**; (h) is within the continental United States or Canada so long as such Inventory is subject to Agent's duly perfected, first priority Lien, and no other Lien other than (i) the Lien of Term Loan Agent so long as the Intercreditor Agreement remains in effect (unless terminated by the mutual agreement of Agent and Term Loan Agent) and (ii) Permitted Liens described in **Sections 10.2.2(d), (e) and (g)** but only so long as such Liens are junior to Agent's Lien, and is not consigned to any Person; (i) is not subject to any warehouse receipt or negotiable Document; (j) is not subject to any License or other arrangement that restricts such Borrower's or Canadian Obligor's, as applicable, or Agent's right to dispose of such Inventory, unless Agent has received an appropriate Lien Waiver; (k) is not located on leased premises or in the possession of a warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person, unless the lessor or such Person has delivered a Lien Waiver or an appropriate Rent and Charges Reserve has been established; and (l) is reflected in the details of a current perpetual inventory report. Notwithstanding the foregoing, no Inventory shall be excluded from Eligible Inventory pursuant to clause (j) above solely due to the fact that such Inventory is not subject to a Lien Waiver, until the ninety-first (91st) day following the Closing Date.

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**Enforcement Action:** any action to enforce any Obligations (other than Secured Bank Product Obligations) or Loan Documents or to exercise any rights or remedies relating to any Collateral (whether by judicial action, self-help, notification of Account Debtors, exercise of setoff or recoupment, exercise of any right to act in an Obligor's Insolvency Proceeding or to credit bid Obligations, or otherwise).

**Environmental Laws:** all Applicable Laws (including all programs, permits and guidance promulgated by regulatory agencies), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA or similar foreign Governmental Authority) or the protection or pollution of the environment, including CERCLA, RCRA and CWA.

**Environmental Notice:** a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with, investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

**Environmental Release:** a release as defined in CERCLA or under any other Environmental Law.

**Equipment:** as defined in the UCC (or, with respect to any Equipment of a Canadian Obligor, the PPSA), including all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal Property (other than Inventory) and all parts, accessories and special tools therefor, and accessions thereto.

**Equity Interest:** the interest of any (a) shareholder in a corporation; (b) partner in a partnership (whether general, limited, limited liability or joint venture); (c) member in a limited liability company or unlimited liability company; or (d) other Person having any other form of equity security or ownership interest.

**ERISA:** the Employee Retirement Income Security Act of 1974.

**ERISA Affiliate:** any trade or business (whether or not incorporated) under common control with an Obligor within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

**ERISA Event:** (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Obligor or ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Obligor or ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) the determination that any Pension Plan or Multiemployer Plan is considered an at risk plan or a plan in critical or endangered status under the Code, ERISA or the Pension Protection Act of 2006; (f) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Obligor or ERISA Affiliate; or (h) failure by an Obligor or ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or to make a required contribution to a Multiemployer Plan.

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**ERP Operating Expenses:** any non-capitalized costs and expenses relating to the implementation of Obligors' new enterprise resource planning system.

**EU Bail-In Legislation Schedule:** the EU Bail-In Legislation Schedule published by the Loan Market Association, as in effect from time to time.

**Event of Default:** as defined in **Section 11**.

**Excess Amount:** as defined in **Section 5.13**.

Excess Cash Flow Prepayments: prepayments of the Term Loan Debt based on Excess Cash Flow (as defined in the Term Loan Agreement as in effect on the Closing Date) but only to the extent permitted under the Intercreditor Agreement.

Exchange Act: shall have the meaning ascribed to such term in the Term Loan Agreement as in effect on the Closing Date.

Excluded Collateral: (a)(i)to the extent (but only to the extent) securing U.S. Direct Obligations, voting Equity Interests of any Canadian Subsidiary other than 65% of all voting (within the meaning of Treas. Reg. Section1-956-2(c)(2)) Equity Interests of any such Subsidiary that is a direct Subsidiary of a U.S. Obligor and (ii)voting Equity Interests of any Foreign Subsidiary other than 65% of all voting (within the meaning of Treas. Reg. Section1-956-(c)(2)) Equity Interests of any such Subsidiary that is a direct Subsidiary of a U.S. Obligor (unless such voting Equity Interests of such Foreign Subsidiary secure the Obligations other than the U.S. Direct Obligations, in which case such voting Equity Interests shall not be Excluded Collateral to the extent securing Obligations other than the U.S. Direct Obligations), (b)any intent-to-use U.S. trademark application for which an amendment to allege use or statement of use has not been filed and accepted by the United States Patent and Trademark Office and that would otherwise be deemed invalidated, cancelled or abandoned due to the grant of a Lien thereon (provided that such intent-to-use application shall be considered Collateral immediately and automatically upon such filing and acceptance), (c)any rights or interest in any contract, lease, permit, license, charter or license agreement covering real or personal property of any Obligor if under the terms of such contract, lease, permit, license, charter or license agreement, or applicable law with respect thereto, the grant of a Lien therein is prohibited as a matter of law or under the terms of such contract, lease, permit, license, charter or license agreement and such prohibition has not been waived or the consent of the other party to such contract, lease, permit, license, charter or license agreement has not been obtained (provided, that, the foregoing exclusions of this clause (c)shall in no way be construed (i)to apply to the extent that any described prohibition is unenforceable under Sections 9-406, 9-407, 9-408 or 9-409 of the UCC, under the PPSA or other applicable law, (ii)to limit, impair or otherwise affect Agent's continuing security interest in and Liens upon any rights or interests of any Obligor in or to (A)monies due or to become due under any such contract, lease, permit, license, charter or license agreement (including any Accounts) or (B)any proceeds from the sale, license, lease or other disposition of any such contract, lease, permit, license, charter or license agreement, or (iii)apply to the extent that any consent or waiver has been obtained that would permit Agent's Lien notwithstanding the prohibition; and provided, further that unless and until such time as any such consent is obtained, such Obligor shall hold its interest in such contract, lease, permit, license, charter or license agreement in trust for Agent unless the creation of such trust would constitute a breach of such contract, lease, permit, license, charter or license agreement), and (d) all Real Estate of any Obligor.

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Excluded Swap Obligation: with respect to any Obligor, each Swap Obligation as to which, and only to the extent that, Obligor's guaranty of or grant of a Lien as security for such Swap Obligation is or becomes illegal under the Commodity Exchange Act because such Obligor does not constitute an "eligible contract participant" as defined in the act (determined after giving effect to **Section 5.11** and any other keepwell, support or other agreement for the benefit of such Obligor, and all guarantees of Swap Obligations by other Obligors) when such guaranty or grant of Lien becomes effective with respect to the Swap Obligation. If a Hedging Agreement governs more than one Swap Obligation, only the Swap Obligation(s) or portions thereof described in the foregoing sentence shall be Excluded Swap Obligation(s).

Excluded Tax: with respect to a Recipient, (a)taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located; (b)any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which Borrower Agent is located; (c)any backup withholding tax required by the Code to be withheld from amounts payable to a Recipient that has failed to comply with **Section 5.10**; (d) in the case of a Foreign Lender, any United States withholding tax that is (i) required pursuant to laws in force at the time such Lender becomes a Lender (or designates a new Lending Office) hereunder, or (ii)attributable to such Lender's failure or inability (other than as a result of a Change in Law) to comply with **Section 5.10**, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from Borrowers with respect to such withholding tax; (e)taxes imposed on it pursuant to FATCA; and (f)taxes constituting Other Connection Taxes. In no event shall "Excluded Tax" include any withholding Tax imposed on amounts paid by or on behalf of a Foreign Obligor to a Recipient that has complied with **Section 5.10.2**.

Existing Letters of Credit: the Letters of Credit listed on **Schedule 1.1(b)**.

Existing Loan Agreement: has the meaning given such term in the Recitals hereto.

Extraordinary Expenses: all costs, expenses or advances that Agent may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a)any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b)any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents, Letters of Credit or Obligations, including any lender liability or other Claims; (c)the exercise, protection or enforcement of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d)settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e)any Enforcement Action; (f)negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations; and (g)Protective Advances. Such costs, expenses and advances include transfer fees, Other Taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

FATCA: Sections 1471 through 1474 of the Code (including any amended or successor version if substantively comparable and not materially more onerous to comply with), and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

Federal Funds Rate: (a)the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business Day; or (b)if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by Agent; provided, that in no event shall the Federal Funds Rate be less than zero.

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Fee Letter: the fee letter dated as of the Closing Date between Agent and Borrower Agent.

Fiscal Quarter: each period of three months, commencing on the first day of each of January, April, July or October of each Fiscal Year.

Fiscal Year: the fiscal year of Obligors and Subsidiaries for accounting and tax purposes, ending on December 31st of each year.

Fixed Charge Coverage Ratio: the ratio, determined on a consolidated basis for Obligors and Subsidiaries for the applicable period, of (a)EBITDA for such period minus, without duplication, Capital Expenditures for such period (except those financed with Borrowed Money other than Revolver Loans), cash income taxes paid during such period, cash franchise taxes paid during such period and Distributions made during such period, to (b) Fixed Charges.

Fixed Charges: the sum of cash interest paid and principal payments made on Borrowed Money.

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: with respect to a Borrower Group consisting of U.S. Obligors, a Lender to such Borrower Group that is organized under the laws of a jurisdiction other than the laws of the United States, or any state or district thereof.

Foreign Obligor: any Foreign Subsidiary, or all of them, as the context may require, that is liable for payment of any Canadian Obligations or that has granted a Lien in favor of Agent on its assets to secure any Canadian Obligations and that is not a Canadian Obligor.

Foreign Plan: any employee benefit plan or arrangement (a) maintained or contributed to by any Obligor or Subsidiary that is not subject to the laws of the United States or Canada; or (b) mandated by a government other than the United States or Canada (or any political subdivision thereof) for employees of any Obligor or Subsidiary.

Foreign Restructuring Transaction: any of the following transactions: (a) the formation of one or more New Foreign Holdcos by Holdings or a Subsidiary of Holdings; (b) Permitted Note Transfers; (c) the capital contribution by an Obligor or a Non-Obligor Subsidiary to a New Foreign Holdco of one or more Canadian Subsidiaries or Foreign Subsidiaries; (d) the capital contribution by a New Foreign Holdco to another New Foreign Holdco of one or more Canadian Subsidiaries or Foreign Subsidiaries; or (e) the distribution of one or more direct or indirect Domestic Subsidiaries of New Foreign Holdcos or a Canadian Subsidiary to a U.S. Obligor.

Foreign Subsidiary: any Subsidiary of Holdings that is not a Domestic Subsidiary or a Canadian Subsidiary.

Fronting Exposure: with respect to any Applicable Defaulting Lender, such Defaulting Lender's Pro Rata share of LC Obligations of the applicable Borrower Group or Swingline Loans to the applicable Borrower Group, as applicable, except to the extent allocated to other Applicable Lenders under **Section 4.2**.

FSIC: shall mean FS Investment Corporation, a Maryland corporation.

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Full Payment: with respect to any Obligations, (a) the full and indefeasible cash payment thereof, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); and (b) if such Obligations are LC Obligations or inchoate or contingent in nature, Cash Collateralization thereof (or delivery of a standby letter of credit acceptable to Agent in its discretion, in the amount of required Cash Collateral). No Loans shall be deemed to have been paid in full until all Commitments related to such Loans have expired or been terminated.

Funded Debt: Debt of the Borrowers and their Subsidiaries on a consolidated basis determined in accordance with GAAP.

GAAP: generally accepted accounting principles in effect in the United States from time to time.

General Intangibles: as defined in the UCC (or, with respect to any General Intangible of a Canadian Obligor, an "intangible" as defined in the PPSA).

Goods: as defined in the UCC (or, with respect to any Goods of a Canadian Obligor, as defined in the PPSA).

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, provincial, territorial, municipal, local, foreign or other governmental department, agency, authority, body, commission, board, bureau, court, tribunal instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for any governmental, judicial, investigative, regulatory or self-regulatory authority (including the Financial Conduct Authority, the Prudential Regulation Authority and any supranational bodies such as the European Union or European Central Bank).

GSO: collectively, GSO Capital Partners LP, its affiliates and funds and accounts managed or subadvised by any of them.

Guarantor Payment: as defined in **Section 5.11.3**.

Guarantor Security Agreement: each security agreement executed by a Guarantor in favor of Agent.

Guarantors: each Person who guarantees payment or performance of any Obligations.

Guaranty: each guaranty agreement executed by a Guarantor in favor of Agent.

Gun Control Laws: shall mean all present and future federal, state, provincial, municipal, local and foreign laws, rules, regulations, judgments, orders and ordinances, including the Gun Control Act, that in any manner regulate the production, sale, distribution or possession of any firearms, ammunition or related products manufactured, held for sale or sold by a Borrower or Guarantor.

Hedging Agreement: any "swap agreement" as defined in Section 101(53B)(A) of the Bankruptcy Code.

Holdings: shall have the meaning ascribed to it in the recitals hereto.

Holdings IDA: the loan from Holdings to Safariland in the amount of \$79,596,000 pursuant to an intercompany debt agreement dated September 20, 2013.

Indemnified Taxes: Taxes other than Excluded Taxes.

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Indemnities: Agent Indemnities, Lender Indemnities, Issuing Bank Indemnities and Bank of America Indemnities.

Initial U.S. Borrowers: shall have the meaning ascribed to it in the recitals hereto.

**Insolvency Proceeding:** any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law, including, without limitation, the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada); (b) the appointment of a Creditor Representative for such Person or any part of its Property; (c) an assignment or trust mortgage for the benefit of creditors; or (d) the liquidation, dissolution or winding up of the affairs of such Person.

**Instrument:** as defined in the UCC (or, with respect to any Instrument of a Canadian Obligor, as defined in the PPSA).

**Intellectual Property:** all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

**Intellectual Property Claim:** any claim or assertion (whether in writing, by suit or otherwise) that a Borrower's or Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

**Intercreditor Agreement:** that certain Intercreditor Agreement dated as of the 2012 Closing Date by and between Term Loan Agent and Agent, as amended pursuant to that certain First Amendment to Intercreditor Agreement and Joinder dated as of the 2013 Closing Date by and between Term Loan Agent and Agent, as further amended by that certain Second Amendment to Intercreditor Agreement and Joinder dated as of September 20, 2013 by and between Term Loan Agent and Agent, as further amended by that certain Third Amendment to Intercreditor Agreement dated as of February 18, 2016 by and between Term Loan Agent and Agent, and as further amended by that certain Fourth Amendment to Intercreditor Agreement dated as of the Closing Date by and between Term Loan Agent and Agent, and as further amended, restated, supplemented or otherwise modified from time to time in accordance therewith.

**Interest Period:** as defined in **Section 3.1.3**.

**Inventory:** as defined in the UCC (or, with respect to Inventory of a Canadian Obligor, as defined in the PPSA), including all goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such goods, or otherwise used or consumed in an Obligor's business (but excluding Equipment).

**Inventory Reserve:** reserves established by Agent to reflect factors that could reasonably be expected to negatively impact the Value of Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

**Investment:** an Acquisition; an acquisition of record or beneficial ownership of any Equity Interests of a Person; or an advance or capital contribution to or other investment in a Person.

**Investment Property:** as defined in the UCC (or, with respect to any Investment Property of a Canadian Obligor, a "security" as defined in the PPSA).

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**IP Assignment:** a collateral assignment or security agreement pursuant to which an Obligor assigns or grants a security interest in its interests in patents, trademarks or other intellectual property to Agent, as security for the Obligations.

**IRS:** the United States Internal Revenue Service.

**Issuing Bank:** Bank of America or any Affiliate or branch of Bank of America, or any replacement issuer appointed pursuant to **Section 2.3.5** and their respective successors and assigns.

**Issuing Bank Indemnitees:** Issuing Bank and its officers, directors, employees, Affiliates, branches, agents and attorneys.

**Kanders Parties:** Warren B. Kanders, members of the family of Warren B. Kanders, and trusts established for Warren B. Kanders and/or members of his family.

**LC Application:** an application by Borrower Agent to Issuing Bank for issuance of a Letter of Credit, in form and substance satisfactory to Issuing Bank.

**LC Borrower:** as defined in **Section 2.3.1**.

**LC Conditions:** the following conditions necessary for issuance of a Letter of Credit for any Borrower within a Borrower Group: (a) each of the conditions set forth in **Section 6** has been satisfied; (b) after giving effect to the issuance of the requested Letter of Credit and all other unissued Letters of Credit for which an LC Application has been submitted by a Borrower within such Borrower Group, the LC Obligations would not exceed an amount equal to the Dollar Equivalent of the Letter of Credit Subline, the Total Revolver Exposure would not exceed the Maximum Facility Amount, U.S. Revolver Usage would not exceed the U.S. Borrowing Base, and Canadian Revolver Usage would not exceed the Canadian Borrowing Base; (c) the expiration date of such Letter of Credit is (i) no more than 365 days from issuance, in the case of standby Letters of Credit, and (ii) no more than 120 days from issuance, in the case of documentary Letters of Credit; provided that any standby Letter of Credit may provide for the automatic extension thereof for any number of additional periods each of up to 365 days in duration (none of which, in any event, shall extend beyond the Commitment Termination Date); (d) the Letter of Credit and payments thereunder are denominated in (i) Dollars or any other lawful currency that is readily available and acceptable to Agent and the Issuing Bank if issued for the account of a U.S. Borrower or (ii) Canadian Dollars, Dollars or any other lawful currency that is readily available and acceptable to Agent and the Issuing Bank if issued for the account of Canadian Borrower; and (e) the purpose and form of the proposed Letter of Credit is satisfactory to Agent and the Applicable Issuing Bank in their discretion.

**LC Documents:** all documents, instruments and agreements (including LC Requests and LC Applications) delivered by Borrowers within a Borrower Group or any other Person to the Applicable Issuing Bank or Agent in connection with the issuance, amendment or renewal of, or payment under, any Letter of Credit.

**LC Obligations:** on any date, the sum of the U.S. LC Obligations and the Canadian LC Obligations.

**LC Request:** a request for issuance of a Letter of Credit, to be provided by Borrower Agent to the Applicable Issuing Bank, in form satisfactory to Agent and the Applicable Issuing Bank.

**Lender Indemnitees:** Lenders and their officers, directors, employees, Affiliates, branches, agents and attorneys.

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Lenders: as defined in the preamble to this Agreement and shall include U.S. Lenders, Canadian Lenders and Applicable Swingline Lenders and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance, including any Lending Office of the foregoing.

Lending Office: the office (including any domestic or foreign Affiliate or branch) designated as such by the applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Agent and Borrower Agent.

Letter of Credit: a U.S. Letter of Credit or a Canadian Letter of Credit.

Letter of Credit Right: as defined in the UCC.

Letter of Credit Subline: (a) \$9,000,000 in the aggregate with respect to all U.S. Borrowers and (b) \$1,000,000 in the aggregate with respect to Canadian Borrower.

LIBOR: the per annum rate of interest (rounded up to the nearest 1/8th of 1%) determined by Agent at or about 11:00 a.m.(London time) two Business Days prior to an interest period, for a term equivalent to such period, equal to the London Interbank Offered Rate, or comparable or successor rate approved by Agent, as published on the applicable Reuters screen page(or other commercially available source designated by Agent from time to time); provided, that any such comparable or successor rate shall be applied by Agent, if administratively feasible, in a manner consistent with market practice; provided further, that in no event shall LIBOR be less than zero.

LIBOR Loan: each set of LIBOR Revolver Loans having a common length and commencement of Interest Period.

LIBOR Revolver Loan: a Revolver Loan that bears interest based on LIBOR.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: any Person's interest in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including any lien, security interest, security transfer, security assignment, pledge, hypothecation, secured claim, trust (statutory, deemed, constructive or otherwise), reservation, encroachment, easement, right-of-way, covenant, condition, restriction, leases, or other title exception or encumbrance.

Lien Waiver: an agreement, in form and substance satisfactory to Agent, by which (a)for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b)for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; (c)for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d)for any Collateral subject to Intellectual Property rights of a Licensor that impairs Agent's right to dispose of the Collateral with the benefit of the Intellectual Property, the Licensor grants to Agent the right, vis-à-vis such Licensor, to enforce Agent's rights to dispose of such Collateral.

Loan: a Revolver Loan.

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Loan Documents: this Agreement, the other Security Documents and the Other Agreements.

Loan Year: each 12 month period commencing on the 2012 Closing Date and on each anniversary of the 2012 Closing Date.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a)has or could be reasonably expected to have a material adverse effect on the business, operations, Properties or condition (financial or otherwise) of the Obligors, taken as a whole, on the value of the Collateral, taken as a whole, on the enforceability of any Loan Documents, or on the validity or priority of Agent's Liens on any Collateral (it being understood that neither the creation or existence of a Permitted Lien shall constitute a Material Adverse Effect); (b)materially impairs the ability of an Obligor to perform its obligations under the Loan Documents, including repayment of any Obligations; or (c)otherwise materially impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon the Collateral.

Material Contract: any agreement or arrangement to which a Borrower or Subsidiary is party (other than the Loan Documents and the Term Loan Debt Documents) (a)for which breach, termination, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect; or (b)that relates to Subordinated Debt (other than Subordinated Debt referenced in clause (l)of the definition of EBITDA), or to Borrowed Money in an aggregate amount of the Dollar Equivalent of \$2,500,000 or more.

Maximum Facility Amount: \$50,000,000, as such amount may be adjusted from time to time in accordance with**Section 2.1.6**.

MHLLC: Maui Holdings, LLC a Delaware limited liability company.

Moody's: Moody's Investors Service, Inc., and its successors.

Multiemployer Plan: any employee benefit plan of the type described in Section4001(a)(3)of ERISA, to which any Obligor or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

Negative Pledge Agreements: collectively, the 2012 Negative Pledge Agreement and the 2013 Negative Pledge Agreement.

Net Proceeds: with respect to an Asset Disposition, proceeds (including, when received, any deferred or escrowed payments) received by an Obligor or Subsidiary in cash from such disposition, net of (a)reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b)amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c)transfer or similar taxes; and (d)reserves for indemnities, until such reserves are no longer needed.

New Foreign Holdcos: one or more Non-Obligor Subsidiaries that are organized under the laws of the Netherlands (or such other jurisdiction of formation reasonably acceptable to Agent) and formed after the Closing Date.

NOLV Percentage: the net orderly liquidation value of Inventory expressed as a percentage, expected to be realized at an orderly, negotiated sale held within a reasonable period of time, net of all liquidation expenses, as determined from the most recent appraisal of Borrowers' Inventory performed by an appraiser and on terms

Non-ABL Priority Collateral: Collateral that is not ABL Priority Collateral.

Non-Obligor Subsidiaries: has the meaning given such term in **Section 10.1.9(c)(i)**.

Notice of Borrowing: a Notice of Borrowing to be provided by Borrower Agent to request a Borrowing of Revolver Loans, substantially in the form of Exhibit D attached hereto or otherwise in form satisfactory to Agent.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Borrower Agent to request a conversion or continuation of any Loans as LIBOR Loans (or, in the case of any Loan denominated in Canadian Dollars, Canadian BA Rate Loans), substantially in the form of Exhibit E attached hereto or otherwise in form satisfactory to Agent.

Obligations: all (a) principal of and premium, if any, on the Loans, (b) LC Obligations and other obligations of Obligor with respect to Letters of Credit, (c) interest, expenses, fees, indemnification obligations, Extraordinary Expenses and other amounts payable by Obligor under Loan Documents, (d) Secured Bank Product Obligations, and (e) other Debts, obligations and liabilities of any kind owing by Obligor pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several; provided, that Obligations of an Obligor shall not include its Excluded Swap Obligations.

Obligor: a U.S. Obligor, Canadian Obligor, a Foreign Obligor or any other Person that is at any time liable for the payment of the whole or any part of the Obligations or that has granted a Lien in favor of Agent on its assets to secure payment of any of the Obligations.

OFAC: Office of Foreign Assets Control of the U.S. Treasury Department.

Ordinary Course of Business: the ordinary course of business of any Obligor or Subsidiary, consistent with past practices and undertaken in good faith.

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

Original Loan Agreement: has the meaning given such term in the Recitals hereto.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each LC Document, the Fee Letter, Lien Waiver, the Intercreditor Agreement, Borrowing Base Certificate, Compliance Certificate, Borrower Materials, or other note, document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto.

Other Connection Taxes: Taxes imposed on a Recipient due to a present or former connection between it and the taxing jurisdiction (other than connections arising from the Recipient having executed, delivered, become party to, performed obligations or received payments under, received or perfected a Lien or engaged in any other transaction pursuant to, enforced, or sold or assigned an interest in, any Loan or Loan Document).

Other Taxes: all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a Lien under, or otherwise with respect to, any Loan Document, except Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 13.4(c)**).

Overadvance: as defined in **Section 2.1.7**.

Overadvance Loan: a Base Rate Revolver Loan made when an Overadvance exists or is caused by the funding thereof.

Participant: as defined in **Section 13.2**.

Patent Security Agreement: collectively, that certain Patent Security Agreement dated on or about the 2012 Closing Date between Safariland and Agent, as at any time amended, restated supplemented or otherwise modified and any other Patent Security Agreement executed and delivered after the 2012 Closing Date by any Obligor to Agent, as at any time amended, restated supplemented or otherwise modified.

PATRIOT Act: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

Payment Item: each check, draft or other item of payment payable to an Obligor, including those constituting proceeds of any Collateral.

PBGC: the Pension Benefit Guaranty Corporation.

Pension Funding Rules: Code and ERISA rules regarding minimum required contributions (including installment payments) to Pension Plans set forth in, for plan years ending prior to the Pension Protection Act of 2006 effective date, Section 412 of the Code and Section 302 of ERISA, both as in effect prior to such act, and thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

Pension Plan: any employee pension benefit plan (as defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Obligor or ERISA Affiliate or to which the Obligor or ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the preceding five plan years. For the avoidance of doubt, a Pension Plan does not include a Canadian Pension Plan or a Canadian Benefit Plan.

**Permitted Acquisition:** any Acquisition in the same or a similar line of business to that conducted by the Borrowers or in a line of business reasonably similar, ancillary, related or complementary thereto or a line of business that is a reasonable extension, development or expansion thereof (the "Target") so long as: (a) Obligors provide Agent notice of the proposed Acquisition, copies of all material agreements and pro forma and historical financial statements and other available information and documents relating to the proposed Acquisition as Agent may reasonably request, at least 7 days prior to the date of the consummation of the proposed Acquisition; (b) the following conditions are satisfied: (i) no Default or Event of Default has occurred or would result from such Acquisition, (ii) Average Availability for the 60 day period immediately preceding such Acquisition calculated on a pro forma basis assuming such Acquisition occurred on the first day of such period (including any Loans made hereunder to finance such Acquisition) shall be greater than or equal to the greater of (A) 15% of the aggregate Commitments and (B) \$6,500,000, (iii) Availability, on the date of such Acquisition, immediately after giving effect to the consummation of such Acquisition (including any Loans made hereunder to finance such Acquisition) shall be greater than or equal to the greater of (A) 15% of the aggregate Commitments and (B) \$6,500,000, (iv) Obligors provide Agent evidence that after giving effect to the consummation of such Acquisition, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended, and (v) no Obligor will be rendered not Solvent by such Acquisition; (c) such Acquisition does not involve a "hostile" takeover or tender offer and shall have been approved by the Target's board of directors (or equivalent governing body); (d) a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters delivers to Agent a certificate certifying that the conditions set forth in clause (b) above are satisfied; (e) no Obligor shall, as a result of or in connection with any such Acquisition assume, or incur any direct or contingent liabilities (whether relating to environmental, tax, litigation or other matters) that could reasonably be expected to have a Material Adverse Effect, (f) all material approvals from Governmental Authorities and other material approvals of third parties in connection with such Acquisition shall have been obtained and shall be in full force and effect, (g) in connection with an Acquisition of the Equity Interests in any Target, all Liens on Property of such Target or Debt of such Target shall be terminated unless permitted pursuant to the Loan Documents, and in connection with an Acquisition of the assets of any Target, all Liens on such assets shall be terminated or repaid, as applicable, unless permitted pursuant to the Loan Documents, (h) if the Target will become a Subsidiary of an Obligor in connection with such acquisition, Obligors and the Target shall cause the Target to take such actions as necessary to comply with the applicable provisions of **Section 10.1.9**, and (i) in connection with Acquisitions of Targets located outside of the United States, the aggregate consideration (including, without limitation, equity consideration, earn out obligations, deferred compensation, non-competition arrangements and the amount of Debt and other liabilities incurred or assumed by the Obligors and their Subsidiaries) paid by Obligors and their Subsidiaries for all such Acquisitions made during the term of this Agreement shall not exceed the Dollar Equivalent of \$20,000,000 (excluding the Target A Acquisition and the Target B Acquisition). For purposes of determining whether the conditions set forth in clause (b)(ii) and (b)(iii) above are satisfied and for all other purposes under this Agreement relating to a Borrowing, Canadian Availability, U.S. Availability, the Canadian Borrowing Base or the U.S. Borrowing Base, unless otherwise agreed to by Agent in writing, no assets of the Target shall be included in the calculation of the Canadian Borrowing Base, the U.S. Borrowing Base, Canadian Availability or U.S. Availability until Agent has completed a field examination and an appraisal each of which shall be satisfactory to it with respect to the Target and its assets (it being understood that, notwithstanding the completion of a satisfactory field examination and a satisfactory appraisal, Agent shall have the right, in its discretion, to establish lower advance rates and/or reserves against the Accounts and Inventory of the Target and/or to elect not to include any such Accounts or Inventory as Eligible Domestic Accounts, Eligible Foreign Accounts, Eligible Inventory or Eligible In-Transit Inventory).

**Permitted Asset Disposition:** an Asset Disposition that is (a) so long as all Net Proceeds are remitted to Agent (or, to the extent constituting Term Priority Collateral (as defined in the Intercreditor Agreement) to Term Loan Agent or as otherwise provided in the Intercreditor Agreement) during any Trigger Period, (i) a sale of Inventory in the Ordinary Course of Business; (ii) a disposition of Inventory that is obsolete, unmerchantable or otherwise unsalable in the Ordinary Course of Business; (iii) termination of a lease of real or personal Property (other than with respect to that certain lease related to property located at Verde Alamar, Building #3 Tijuana, BC, Mexico) that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default; (iv) an assignment, license, sublicense, lease and sublease of Intellectual Property of Obligors and their Subsidiaries in the Ordinary Course of Business and, while an Event of Default exists, that is acceptable to Agent; (v) sales of Inventory from an Obligor or a Subsidiary of an Obligor to a U.S. Borrower or Canadian Obligor for fair value in the Ordinary Course of Business; (vi) the subcontracting or assignment of manufacturing or other production rights under customer contracts to an Obligor or Subsidiary for purposes relating to the manufacture, production or delivery of Inventory; or (vii) the transfer or assignment of customer or Obligor information, data, know how, tooling, materials or Inventory required in connection with performing the agreements set forth in clause (a)(vi) above; (b) so long as no Default or Event of Default exists and all Net Proceeds are remitted to Agent (or, to the extent constituting Term Priority Collateral (as defined in the Intercreditor Agreement) to Term Loan Agent or as otherwise provided in the Intercreditor Agreement) during any Trigger Period, (i) a disposition of Equipment that, in the aggregate during any 12 month period, has a fair market or book value (whichever is more) of the Dollar Equivalent of \$2,000,000 or less; (ii) a lease or sublease of Real Estate not constituting Debt and not constituting a sale and leaseback transaction; (iii) any sale and leaseback transaction relating to Real Estate; (iv) dispositions not otherwise permitted by clauses (a)(i)-(iv) or clauses (b)(i)-(iii) of assets not constituting ABL Priority Collateral the fair market value of which does not exceed the Dollar Equivalent of \$20,000,000 in the aggregate during any 12 month period; or (v) approved in writing by Agent and Required Lenders; (c) a sale or transfer by a U.S. Borrower of all or a portion of its assets to another U.S. Borrower; (d) a sale or transfer by a Canadian Obligor of all or a portion of its assets to another Canadian Obligor; (e) a sale or transfer by a Non-Obligor Subsidiary of all or a portion of its assets to another Non-Obligor Subsidiary or an Obligor; (f) a sale or transfer by a Foreign Obligor of all or a portion of its assets to another Foreign Obligor, a Canadian Obligor or a U.S. Obligor; or (g) the sale of Equipment by a U.S. Obligor to a Canadian Obligor or by a Canadian Obligor to a U.S. Obligor.

**Permitted Contingent Obligations:** Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favor of purchasers in connection with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) in an aggregate amount of the Dollar Equivalent of \$7,500,000 or less at any time.

**Permitted Distributions:** (a) any Distribution made by a Non-Obligor Subsidiary to another Non-Obligor Subsidiary or an Obligor; (b) any Distribution made by a Foreign Obligor to another Obligor; and (c) any Distribution made by any Obligor if the following conditions are satisfied: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iv) Obligors provide Agent evidence that after giving effect to the consummation of such Distribution, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended, and (v) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution; provided, that, the redemption of all preferred Equity Interests of any Obligors (excluding, for the avoidance of doubt, the GSO Warrants (as defined in the Term Loan Agreement as in effect on the date hereof)) held by GSO pursuant to Section 6(t) of the Term Loan Agreement as in effect on the date hereof for an amount not to exceed \$26,555,201.20 shall constitute a Permitted Distribution hereunder regardless of whether the foregoing conditions are satisfied.

**Permitted Foreign Restructuring Transaction:** any Foreign Restructuring Transaction so long as (a) no Default or Event of Default exists before, at all times during, and immediately after giving effect thereto, (b) at all times during and immediately after giving effect thereto, Agent is satisfied in its discretion that Agent, for the benefit of the Secured Parties, has a valid and perfected Lien, having the priority set forth in the Intercreditor Agreement, in the Collateral of each Canadian Obligor to secure the prompt payment and performance of all Canadian Obligations, (c) immediately after giving effect thereto, Agent is satisfied in its discretion that there has not been a material adverse



change in the financial condition of any Canadian Obligor or Canadian Availability, (d) at all times during and immediately after giving effect thereto, Agent is satisfied in its discretion that each Canadian Obligor remains bound by the Loan Documents to the same extent such Canadian Obligor was bound by the Loan Documents before giving effect thereto, and (e) in connection therewith, Obligors deliver to Agent such supplemental or updating schedules hereto as Agent shall reasonably request.

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Permitted Lien: as defined in **Section 10.2.2**.

Permitted Note Transfer: the transfer of Debt that is permitted pursuant to any of **Section 10.2.1(t)(iii)**, **Section 10.2.1(t)(iv)**, **Section 10.2.1(t)(v)** or **Section 10.2.1(t)(vi)** after the Closing Date either (a) to or between Non-Obligor Subsidiaries or New Foreign Holdcos or (b) to an Obligor, so long as, concurrently with any such transfer, Obligors provide Agent with written notice of the identity of the new holder of such Debt.

Permitted Purchase Money Debt: Purchase Money Debt of Obligors and Subsidiaries that is unsecured or secured only by a Purchase Money Lien, as long as the aggregate amount does not exceed the Dollar Equivalent of \$10,000,000 at any time.

Person: any individual, corporation, limited liability company, unlimited liability company, partnership, joint venture, association, trust, unincorporated organization, Governmental Authority or other entity.

Plan: any employee benefit plan (as defined in Section 3(3) of ERISA) established by an Obligor or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, an ERISA Affiliate. For the avoidance of doubt, a Plan does not include a Canadian Pension Plan or a Canadian Benefit Plan.

Platform: as defined in **Section 14.3.3**.

Pledge Agreement: that certain Second Amended and Restated Equity Interest Pledge Agreement by and among Initial U.S. Borrowers, Horsepower and Mustang Holdings, Sencan Holdings, ATI, Distribution, Rogers Holster and Agent executed and delivered in accordance with **Section 7.6(c)**.

Pledged ULC Shares: the Investment Property which are shares in the capital stock of a ULC.

PPSA: the Personal Property Security Act (British Columbia) and the regulations thereunder; provided, however, if validity, perfection, effect of perfection and non-perfection and priority of Agent's security interest in any Canadian Collateral are governed by the personal property security laws of any jurisdiction other than British Columbia, PPSA shall mean those personal property security laws (including the Civil Code of Quebec) in such other jurisdiction for the purposes of the provisions hereof relating to such validity, perfection, effect of perfection and non-perfection and priority and for the definitions related to such provisions, as from time to time in effect.

Pro Rata: when used with reference to a Lender's share on any date of the total Borrower Group Commitments to a Borrower Group, its interest in the Collateral of the members of such Borrower Group, its participating interest in LC Obligations and Swingline Loans to the members of such Borrower Group, its share of payments made by the members of such Borrower Group with respect to Borrower Group Obligations of such Borrower Group, its share of Collateral proceeds of such Borrower Group, and its obligation to pay or reimburse Agent for Extraordinary Expenses owed by such Borrower Group or to indemnify any Indemnitees for Claims relating to such Borrower Group, a percentage (expressed as a decimal, rounded to the ninth decimal place) derived by dividing the amount of the Borrower Group Commitment of such Lender to such Borrower Group on such date by the aggregate amount of the Borrower Group Commitments of all Lenders to such Borrower Group on such date. If, on any date of determination, the Borrower Group Commitments of such Borrower Group have been terminated on or before such date, then the Borrower Group Commitments shall be deemed to be the Borrower Group Commitments immediately prior to such termination.

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Proceeds of Crime Act: the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada).

Properly Contested: with respect to any obligation of an Obligor, (a) the obligation is subject to a bona fide dispute regarding amount or the Obligor's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment could not have a Material Adverse Effect, and the remedy of the creditor party relating to such dispute of the obligation could not result in forfeiture of any assets of the Obligor having an aggregate value greater than the Dollar Equivalent of \$500,000; (e) no Lien is imposed on assets of the Obligor, unless bonded and stayed to the satisfaction of Agent; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Protective Advances: as defined in **Section 2.1.8**.

Purchase Money Debt: (a) Debt (other than the Obligations) for payment of any of the purchase price of fixed assets; (b) Debt (other than the Obligations) incurred within 10 days before or after acquisition of any fixed assets, for the purpose of financing any of the purchase price thereof; and (c) any renewals, extensions or refinancings (but not increases) thereof.

Purchase Money Lien: a Lien that secures Purchase Money Debt, encumbering only the fixed assets acquired with such Debt and constituting a Capital Lease or a purchase money security interest under the UCC, the PPSA or the Civil Code of Quebec, or constituting a vendor's hypothec under the Civil Code of Quebec.

Qualified ECP: an Obligor with total assets exceeding \$10,000,000, or that constitutes an "eligible contract participant" under the Commodity Exchange Act and can cause another Person to qualify as an "eligible contract participant" under Section 1a(18)(A)(v)(II) of such act.

Qualifying IPO: shall have the meaning ascribed to such term in the Term Loan Agreement as in effect on the Closing Date.

RCRA: the Resource Conservation and Recovery Act (42 U.S.C. §§ 6991-6991i).

Real Estate: all right, title and interest (whether as owner, lessor or lessee) in any real Property or any buildings, structures, parking areas or other improvements thereon.

Recipient: Agent, Issuing Bank, any Lender or any other recipient of a payment to be made by an Obligor under a Loan Document or on account of an Obligation.

Refinancing Conditions: the following conditions for Refinancing Debt: (a) it is in an aggregate principal amount that does not exceed the principal amount of the Debt

being extended, renewed or refinanced; (b) it has a final maturity no sooner than, a weighted average life no less than, and an interest rate no greater than, the Debt being extended, renewed or refinanced; (c) it is subordinated to the Obligations at least to the same extent as the Debt being extended, renewed or refinanced; (d) the representations, covenants and defaults applicable to it are no less favorable to Borrowers than those applicable to the Debt being extended, renewed or refinanced; (e) no additional Lien is granted to secure it; (f) no additional Person is obligated on such Debt; and (g) upon giving effect to it, no Default or Event of Default exists.

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Refinancing Debt: Borrowed Money that is the result of an extension, renewal or refinancing of Debt permitted under **Section 10.2.1(b), (d) or (f)**.

Reimbursement Date: as defined in **Section 2.3.2**.

Rent and Charges Reserve: the aggregate of (a) all past due rent and other amounts owing by an Obligor to any landlord, warehouseman, processor, repairman, mechanic, shipper, freight forwarder, broker or other Person who possesses any Collateral or could assert a Lien on any Collateral; and (b) a reserve at least equal to three months' rent and other charges that could be payable to any such Person, unless it has executed a Lien Waiver.

Report: as defined in **Section 12.2.3**.

Reportable Event: any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

Representation and Warranty Policy: that certain insurance policy issued by Scottsdale Insurance Company, Arch Specialty Insurance Company, and Steadfast Insurance Company in connection with the AV Transaction Agreement (as defined in the Existing Loan Agreement) in connection with the insuring against a breach of a representation or warranty by any seller thereunder.

Required Borrower Group Lenders: at any date of determination thereof, Lenders having Borrower Group Commitments to a Borrower Group representing more than fifty percent (50%) of the aggregate Borrower Group Commitments to such Borrower Group at such time; provided, however, that the Borrower Group Commitments and Revolver Loans of any Defaulting Lender shall be excluded from such calculation; provided, further, however that if all Borrower Group Commitments to such Borrower Group have been terminated, the term "Required Borrower Group Lenders" shall mean Lenders to such Borrower Group (excluding any Defaulting Lender) holding Revolver Loans (including Swingline Loans) to the Borrowers of such Borrower Group representing more than fifty percent (50%) of the aggregate principal amount of Revolver Loans (including Swingline Loans) to the Borrowers of such Borrower Group outstanding at such time.

Required Canadian Borrower Group Lenders: at any date of determination thereof, the Required Borrower Group Lenders with respect to the Borrower Group Commitments to Canadian Borrower.

Required Lenders: at any time of determination, one or more Lenders (subject to **Section 4.2**) having Borrower Group Commitments representing more than fifty percent (50%) of the aggregate Borrower Group Commitments at such time; provided, however, that if the Borrower Group Commitments have terminated, the term "Required Lenders" shall mean Lenders holding Revolver Loans (including Swingline Loans) representing more than 50% of the aggregate principal amount of Revolver Loans (including Swingline Loans) outstanding at such time; provided, further, that the Borrower Group Commitments and Revolver Loans of any Defaulting Lender shall be excluded from such calculation.

Reset Date: as defined in **Section 5.13**.

Restricted Investment: any Investment by an Obligor or Subsidiary, other than (a) Investments in Subsidiaries to the extent existing on the Closing Date; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance satisfactory to Agent; (c) loans and advances permitted under **Section 10.2.7**; (d) Permitted Acquisitions; (e) other Investments in an aggregate amount not to exceed the Dollar Equivalent of \$5,000,000 at any time; (f) any Investment by a U.S. Obligor in another U.S. Obligor; (g) any Investment by a Canadian Obligor to another Canadian Obligor; (h) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a Non-Obligor Subsidiary in another Non-Obligor Subsidiary or an Obligor; (i) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a Foreign Obligor in another Obligor; (j) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a U.S. Obligor in a Canadian Obligor or a Foreign Obligor or by a Canadian Obligor in a Foreign Obligor or a U.S. Obligor (I) in an aggregate amount at any time outstanding not in excess of \$5,000,000 so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby or (II) in any other amount so long as:

(A) at the time such Investment is made, no Default or Event of Default exists,

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(B) at the time such Investment is made, Average Availability for the 60 day period immediately preceding such Investment calculated on a pro forma basis assuming such Investment was made on the first day of such period (including any Loans made hereunder to finance such Investment) shall be greater than or equal to the greater of

(I) 15% of the aggregate Commitments and

(II) \$6,500,000,

(C) at the time such Investment is made, Availability, on the date such Investment is made (including any Loans made hereunder to finance such Investment), shall be greater than or equal to the greater of

(I) 15% of the aggregate Commitments and

(II) \$6,500,000,

(D) at the time such Investment is made, Obligors provide Agent evidence that, after giving effect to such Investment, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended, and

(E) no Obligor will be rendered not Solvent by such Investment and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date such Investment is made, that all such

conditions have been satisfied;

(k) so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby, any Investment in Sencan UK in an aggregate amount, when aggregated with loans and advances permitted pursuant to **Section 10.2.7(k)**, not to exceed \$500,000 at any one time outstanding; (l) so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby, any Investment in Target A Purchaser in an aggregate amount at any time outstanding, when aggregated with loans and advances permitted pursuant to **10.2.1(t)(iv)**, not to exceed the Dollar Equivalent of \$23,100,000 less the amount of any principal payments made with respect to loans and advances permitted pursuant to **Section 10.2.1(t)(iv)**; (m) so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby, any Investment in Med-Eng ULC made in connection with the Target B Acquisition in an aggregate amount at any time outstanding, when aggregated with loans and advances permitted pursuant to **Section 10.2.1(t)(v)**, not to exceed the Dollar Equivalent of \$13,200,000 less the amount of any principal payments made with respect to loans and advances permitted pursuant to **Section 10.2.1(t)(v)**; and (n) a Permitted Foreign Restructuring Transaction.

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**Restrictive Agreement:** an agreement (other than a Loan Document) that conditions or restricts the right of any Borrower, Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any intercompany Debt, other than a Capital Lease, synthetic lease or similar financial instrument limited to restrictions relating to Equipment secured thereunder and proceeds and Intellectual Property related to such Equipment.

**Revolver Loan:** a loan made pursuant to **Section 2.1**, including any Swingline Loan, Overadvance Loan or Protective Advance.

**Revolver Termination Date:** November 18, 2021.

**Revolver Usage:** U.S. Revolver Usage or Canadian Revolver Usage, as the context requires.

**Royalties:** all royalties, fees, expense reimbursement and other amounts payable by a Borrower under a License.

**S&P:** Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors.

**Sanction:** any sanction administered or enforced by the U.S. Government (including OFAC), the Government of Canada, the United Nations Security Council, the European Union, Her Majesty's Treasury or other sanctions authority.

**Secured Bank Product Obligations:** Debt, obligations and other liabilities with respect to Bank Products owing by a Borrower or Subsidiary to a Secured Bank Product Provider; provided, that Secured Bank Product Obligations of an Obligor shall not include its Excluded Swap Obligations.

**Secured Bank Product Provider:** (a) Bank of America or any of its Affiliates or branches; and (b) any other Lender or Affiliate or branch of a Lender that is providing a Bank Product, provided such provider delivers written notice to Agent, in form and substance satisfactory to Agent, within 10 days following the later of the Closing Date or creation of the Bank Product, (i) describing the Bank Product and setting forth the maximum amount to be secured by the Collateral and the methodology to be used in calculating such amount, and (ii) agreeing to be bound by **Section 12.13**.

**Secured Parties:** (i) with respect to Liens granted by U.S. Borrowers or any other U.S. Obligor to Agent, each of the Credit Parties making extensions of credit (including the issuance of Letters of Credit) to or for the account of U.S. Borrowers or, to the extent provided by Secured Bank Product Providers, providing Bank Products to U.S. Obligors and each of the Credit Parties making extensions of credit (including the issuance of Letters of Credit) to or for the account of Canadian Borrower or, to the extent provided by Secured Bank Product Providers, providing Bank Products to Canadian Obligors; and (ii) with respect to the Liens granted by Canadian Borrower or any other Canadian Obligor to Agent, all Credit Parties making extensions of credit (including the issuance of Letters of Credit provided hereunder) to or for the account of or guaranteed by Canadian Borrower or, to the extent provided by Secured Bank Product Providers, providing Bank Products to any Canadian Obligor.

**Security Documents:** this Agreement, the Guaranties, Guarantor Security Agreements (including the Canadian Security Agreements executed and delivered by Canadian Guarantors), the other Canadian Security Agreement, the Pledge Agreement, Copyright Security Agreement, Patent Security Agreement, Trademark Security Agreement, Deposit Account Control Agreements, the Negative Pledge Agreements and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Obligations.

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**Sencan UK:** Sencan Limited, a company formed under the laws of England and Wales.

**Senior Officer:** the chairman of the board, president, chief executive officer, chief financial officer of a Borrower or, if the context requires, an Obligor.

**Settlement Report:** a report delivered by Agent to the Applicable Lenders summarizing Revolver Loans and participations in LC Obligations outstanding to a Borrower Group as of a given settlement date, allocated to the Applicable Lenders on a Pro Rata basis in accordance with their Borrower Group Commitments.

**Solidary Claim:** as defined in **Section 12.15**.

**Solvent:** (a) as to any Person (other than, with respect to clause (v) only, any Canadian Obligor), such Person (i) owns Property whose fair salable value is greater than the amount required to pay all of its debts (including contingent, subordinated, unmatured and unliquidated liabilities); (ii) owns Property whose present fair salable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (iii) is able to pay all of its debts as they mature; (iv) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (v) is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code; and (vi) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates and (b) with respect to any Canadian Obligor, such person is not an "insolvent person" as defined in the *Bankruptcy and Insolvency Act* (Canada). "Fair salable value" means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase (including, in the case of a sale as a going concern, a reasonable estimation of goodwill that (i) would be supported by an independent nationally-recognized valuation firm that values intangibles or (ii) is acceptable to Agent).

**Specified Obligor:** an Obligor that is not then an "eligible contract participant" under the Commodity Exchange Act (determined prior to giving effect to **Section 5.11**).

**Spot Rate:** on any date, the exchange rate, as determined by Agent, that is applicable to conversion of one currency into another currency, which is (a) the exchange

rate reported by Bloomberg (or other commercially available source designated by Agent) as of the end of the preceding business day in the financial market for the first currency; or (b) if such report is unavailable for any reason, the spot rate for the purchase of the first currency with the second currency as in effect during the preceding business day in Agent's principal foreign exchange trading office for the first currency.

Sponsor: shall mean Kanders & Company, Inc. and/or one or more of its Affiliates.

Stated Amount: the outstanding amount of a Letter of Credit, including any automatic increase or tolerance (whether or not then in effect) provided by the Letter of Credit or related LC Documents.

Subordinated Debt: Debt incurred by an Obligor within a Borrower Group that is expressly subordinate and junior in right of payment to Full Payment of all Borrower Group Obligations of such Borrower Group, and is on terms (including maturity, interest, fees, repayment, covenants and subordination) reasonably satisfactory to Agent.

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Subsidiary: any entity more than 50% of whose voting securities or Equity Interests is owned by a Borrower or any combination of Borrowers (including indirect ownership by a Borrower through other entities in which Borrower directly or indirectly owns more than 50% of the voting securities or Equity Interests).

Supporting Obligation: as defined in the UCC.

Swap Obligations: with respect to any Obligor, its obligations under a Hedging Agreement that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

Swingline Loan: any Borrowing of U.S. Revolver Loans or Canadian Revolver Loans, as applicable, funded with Applicable Swingline Lender's funds, until such Borrowing is settled among the Applicable Lenders or repaid by Borrowers within the applicable Borrower Group.

Target A Acquisition: the Acquisition by Target A Purchaser, directly or indirectly, of the entire issued share capital of each member of Target A Group.

Target A Documents: the Target A Purchase Agreement and all other material agreements, documents and instruments to be executed and delivered in connection therewith or contemplated thereby.

Target A Group: as defined on **Schedule 1.1(c)**.

Target A Purchaser: TSG UK Investment Holdings, a private limited company under the laws of England and Wales with company number 10477055, a wholly owned Subsidiary of Safariland.

Target A Purchase Agreement: as defined on **Schedule 1.1(c)**.

Target B: as defined on **Schedule 1.1(c)**.

Target B Acquisition: the Acquisition by Med-Eng ULC of all of the issued and outstanding voting stock of Target B, the sole owner of all of the issued and outstanding stock of Target B Subsidiary, and, promptly following such acquisition, the transfer of ownership of Target B Subsidiary to Safariland as partial payment of an intercompany loan made by Safariland to Med-Eng ULC to fund such Acquisition, or such other acquisition structure reasonably acceptable to Agent.

Target B Subsidiary: as defined on **Schedule 1.1(c)**.

Taxes: all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

Term Loan Agent: shall mean Virtus Group, LP, a Texas limited partnership.

Term Loan Agreement: shall mean that certain Second Amended and Restated Term Loan and Security Agreement dated as of the Closing Date by and among the Term Loan Agent, as agent for the Term Loan Lenders, the Term Loan Lenders and Borrowers.

Term Loan Debt: shall mean term loan indebtedness from the Term Loan Lenders in a principal amount not in excess of the Term Loan Maximum Amount (as defined in the Intercreditor Agreement).

Term Loan Debt Documents: shall mean the Term Loan Agreement together with all of the documents, agreements, instruments, certificates, schedules, exhibits, annexes and riders executed in connection therewith or contemplated thereby, in each case as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms of the Intercreditor Agreement.

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Term Loan Lenders: shall mean FSIC, Arch Street Funding, LLC, a Delaware limited liability company, Walnut Street Funding, LLC, a Delaware limited liability company, Locust Street Funding LLC, a Delaware limited liability company, and certain financial institutions party to the Term Loan Agreement from time to time.

Termination Event: (a) the whole or partial withdrawal of any Canadian Obligor from a Canadian Pension Plan during a plan year; or (b) the filing of a notice of intent to terminate in whole or in part a Canadian Pension Plan or the treatment of a Canadian Pension Plan amendment as a termination or partial termination thereof; or (c) the institution of proceedings by any Governmental Authority to terminate in whole or in part or have an administrator or trustee appointed to administer a Canadian Pension Plan; or (d) any other event or condition which might constitute grounds for the termination of, winding up or partial termination or winding up, or the appointment of a trustee to administer, any Canadian Pension Plan.

Total Revolver Exposure: on any date, the sum of the U.S. Revolver Exposure and the Dollar Equivalent of the Canadian Revolver Exposure.

Trademark Security Agreement: collectively, that certain Trademark Security Agreement dated on or about the 2012 Closing Date between Safariland and Agent, as at any time amended, restated supplemented or otherwise modified and any other Trademark Security Agreement executed and delivered after the 2012 Closing Date by any Obligor to Agent, as at any time amended, restated supplemented or otherwise modified.

Transactions: collectively, the transactions contemplated in connection with the consummation of the initial Loans made under this Agreement on the Closing Date and the consummation of the transactions contemplated by the Term Loan Debt Documents.

Transferee: any actual or potential Eligible Assignee, Participant or other Person acquiring an interest in any Obligations.

Trigger Period: the period (a)commencing on the day that either (i)a Default or an Event of Default occurs or (ii)Availability is less than the greater of (A)15% of the aggregate Commitments and (B)\$6,500,000 and (b)continuing until such time as (i)Borrowers have maintained Availability greater than or equal to the greater of (A)15% of the aggregate Commitments and (B) \$6,500,000 for a period of 60 consecutive days and (ii) no Default or Event of Default exists.

Type: any type of a Loan (i.e., a U.S. Base Rate Loan, a Canadian Base Rate Loan, a Canadian Prime Rate Loan, a LIBOR Loan or a Canadian BA Rate Loan) that has the same interest option and, in the case of LIBOR Loans and Canadian BA Rate Loans, the same Interest Period.

UCC: the Uniform Commercial Code as in effect in the State of New York or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

UK IDA: the loan from Safariland to Sencan UK in the amount of GBP 182,174 pursuant to an intercompany debt agreement dated September 20, 2013.

ULC: any unlimited company, unlimited liability company or unlimited liability corporation or any similar entity existing under the laws of any province or territory of Canada and any successor to any such entity.

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Undrawn Amount: on any date with respect to a particular Letter of Credit, the Dollar Equivalent of the amount then available to be drawn under such Letter of Credit.

Unfunded Pension Liability: the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to the Code, ERISA or the Pension Protection Act of 2006 for the applicable plan year or in the case of a Canadian Pension Plan means a going concern unfunded liability, a solvency deficiency or a wind up deficiency.

Unused Line Fee Rate: a per annum rate equal to (a)0.375%, if the average daily U.S. Revolver Usage plus the average daily Canadian Revolver Usage was less than or equal to 50% of the Maximum Facility Amount during the preceding calendar month, or (b)0.25%, if such average daily U.S. Revolver Usage plus such average daily Canadian Revolver Usage was more than 50% of the Maximum Facility Amount during the preceding calendar month.

Upstream Payment: a Distribution by a Subsidiary of an Obligor to such Obligor.

U.S. Accounts Formula Amount (Eligible Domestic Accounts): 85% of the Value of Eligible Domestic Accounts owing to U.S. Borrowers.

U.S. Accounts Formula Amount (Eligible Foreign Accounts): the lesser of (a)the U.S. Maximum Eligible Foreign Accounts Loan Cap or (b)85% of the Value of Eligible Foreign Accounts owing to U.S. Borrowers.

U.S. Availability: on any date, the U.S. Borrowing Base minus U.S. Revolver Usage.

U.S. Availability Reserve: on any date of determination thereof, an amount equal to the sum (without duplication) of (a)the Inventory Reserve with respect to Inventory of U.S. Borrowers; (b)the Rent and Charges Reserve with respect to locations of Inventory of U.S. Borrowers; (c)the U.S. Bank Product Reserve; (d)all accrued Royalties that have not been paid by a U.S. Borrower; (e)the aggregate amount of liabilities secured by Liens upon U.S. Collateral that are senior to Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (f)the Dilution Reserve with respect to U.S. Borrowers; (g)the aggregate amount of all freight and customs broker fees relating to all Eligible In-Transit Inventory; (h)a reserve established by Agent after demand for payment of the Canadian Obligations in an amount equal to Agent's estimate of the Dollar Equivalent of the liability U.S. Borrowers may be required to pay under their Guaranty of the Canadian Obligations; and (i)such additional reserves, in such amounts and with respect to such matters, as Agent in its reasonable discretion may elect to impose from time to time.

U.S. Bank Product Reserve: without double counting Canadian Bank Product Reserves, the aggregate amount of reserves established by Agent from time to time in its discretion in respect of Secured Bank Product Obligations secured by U.S. Collateral.

U.S. Base Rate: for any day, a per annum rate equal to the greatest of (a)the U.S. Prime Rate for such day; (b)the Federal Funds Rate for such day, plus 0.50%; or (c) LIBOR for a 30 day interest period as determined on such day, plus 1.00%.

U.S. Base Rate Loan: a Revolver Loan that bears interest based on the U.S. Base Rate.

U.S. Borrowers: as defined in the preamble of this Agreement.

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U.S. Borrowing Base: with respect to U.S. Borrowers on any date of determination, an amount in Dollars equal to the lesser of:

(a) the U.S. Facility Amount on such date; or

(b)the sum of (i)the U.S. Accounts Formula Amount (Eligible Domestic Accounts), plus (ii)the U.S. Accounts Formula Amount (Eligible Foreign Accounts), plus (iii) the U.S. Inventory Formula Amount, minus (iv) the U.S. Availability Reserve.

U.S. Collateral: all of each U.S. Obligor's right, title and interest in Property of such U.S. Obligor as more fully described in the Security Documents that now or hereafter secure the payment or performance of any of the U.S. Direct Obligations and Canadian Obligations.

U.S. Direct Obligations: on any date, the portion of the Obligations that are owing by U.S. Borrowers or any other U.S. Obligor; provided, however that the term "U.S. Direct Obligations" shall not include Canadian Obligations guaranteed by U.S. Obligors.

U.S. Facility Amount: an amount equal to \$45,000,000, as the same may be adjusted from time to time pursuant to the provisions of **Section 2.1.6**.

U.S. Guarantor: a Domestic Subsidiary that provides a Guaranty of the Obligations.

U.S. Inventory Formula Amount: on any date of determination, (a) the lesser of (i) 65% of the Value of Eligible Inventory of U.S. Borrowers or (ii) 85% of the NOLV Percentage of the Value of Eligible Inventory of U.S. Borrowers plus (b) the least of (i) 65% of the Value of Eligible In-Transit Inventory of U.S. Borrowers, (ii) 85% of the NOLV Percentage of the Value of Eligible In-Transit Inventory of U.S. Borrowers or (iii) the U.S. Maximum Eligible In-Transit Inventory Loan Cap.

U.S. LC Obligations: on any date, an amount equal to the Dollar Equivalent of the sum (without duplication) of (a) all amounts then due and payable by any U.S. Obligor on such date by reason of any payment that is made by the Applicable Issuing Bank under a Letter of Credit issued pursuant to this Agreement and that has not been repaid to such Issuing Bank or such Agent, plus (b) the aggregate Undrawn Amount of all Letters of Credit which are issued for the account of a U.S. Borrower and which are then outstanding or for which an LC Application has been delivered to and accepted by the Applicable Issuing Bank.

U.S. Lenders: Bank of America and each other Lender (other than Canadian Lenders).

U.S. Letter of Credit: a standby or documentary letter of credit issued by the Applicable Issuing Bank pursuant to this Agreement for the account of a U.S. Borrower, or any indemnity, guaranty, exposure transmittal memorandum or similar form of credit issued by Agent or the Applicable Issuing Bank for the benefit of a U.S. Borrower.

U.S. Maximum Eligible Foreign Accounts Loan Cap: on any date, an amount not to exceed \$8,000,000 in the aggregate less the Dollar Equivalent of the Canadian Maximum Eligible Foreign Accounts Loan Cap as of such date.

U.S. Maximum Eligible In-Transit Inventory Loan Cap: on any date, an amount not to exceed \$2,000,000 in the aggregate less the Dollar Equivalent of the Canadian Maximum Eligible In-Transit Inventory Loan Cap as of such date.

U.S. Obligor: a U.S. Borrower or a U.S. Guarantor.

U.S. Person: "United States Person" as defined in Section 7701(a)(30) of the Code.

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U.S. Prime Rate: the rate of interest announced by Bank of America from time to time as its prime rate. Such rate is set by Bank of America on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Any change in such rate publicly announced by Bank of America shall take effect at the opening of business on the day specified in the announcement.

U.S. Revolver Exposure: on any date, an amount equal to the sum of the U.S. Revolver Loans outstanding on such date plus the U.S. LC Obligations on such date.

U.S. Revolver Loans: Revolver Loans made by U.S. Lenders to U.S. Borrowers pursuant to **Section 2.1** (including any Swingline Loans and Overadvance Loans made to U.S. Borrowers and Protective Advances made by Agent), which Revolver Loans shall be denominated in Dollars.

U.S. Revolver Usage: (a) the aggregate amount of outstanding U.S. Revolver Loans; plus (b) the aggregate Stated Amount of outstanding U.S. Letters of Credit, except to the extent Cash Collateralized by U.S. Borrowers.

U.S. Tax Compliance Certificate: as defined in **Section 5.10.2(b)(iii)**.

Value: (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a first-in, first-out basis, and excluding any portion of cost attributable to intercompany profit among Borrowers and their Affiliates; and (b) for an Account, its face amount, net of any returns, rebates, discounts (calculated on the shortest terms), credits, allowances or Taxes (including sales, excise or other taxes) that have been or could be claimed by the Account Debtor or any other Person.

Write-Down and Conversion Powers: the write-down and conversion powers of the applicable EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which powers are described in the EU Bail-In Legislation Schedule.

**1.2. Accounting Terms.** Under the Loan Documents (except as otherwise specified herein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP (or international financial accounting standards acceptable to Agent) applied on a basis consistent with the most recent audited financial statements of Borrowers delivered to Agent before the 2012 Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP (or international financial accounting standards acceptable to Agent) if Borrowers' certified public accountants concur in such change, the change is disclosed to Agent, and **Section 10.3** is amended in a manner satisfactory to Required Lenders to take into account the effects of the change.

**1.3. Certain Matters of Construction.** The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, "from" means "from and including," and "to" and "until" each mean "to but excluding." The terms "including" and "include" shall mean "including, without limitation" and, for purposes of each Loan Document, the parties agree that the rule of *ejusdem generis* shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws or statutes include all related rules, regulations, interpretations, amendments and successor provisions; (b) any document, instrument or agreement include any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section mean, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules mean, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person include successors and assigns; (f) time of day mean time of day at Agent's notice address under **Section 14.3.1**; or (g) discretion of Agent, any Applicable Issuing Bank or any Lender mean the sole and absolute discretion of such Person, in each instance, unless expressly provided otherwise. All calculations of Value, fundings of Loans, issuances of Letters of Credit and payments of Obligations shall be in Dollars or, if specifically permitted to be in Canadian Dollars, in Canadian Dollars, and, unless the context otherwise requires, all determinations (including calculations of Borrowing Base and financial covenants) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Borrowing Base calculations shall be consistent with historical methods of valuation and calculation (and not necessarily calculated in accordance with GAAP, and otherwise reasonably satisfactory to Agent). Borrowers shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent, Issuing Bank or any Lender under any Loan Documents. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. A reference to Borrowers' "knowledge" or similar concept means actual knowledge of a Senior Officer.

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**1.4 Interpretation (Quebec).** For purposes of any Collateral located in the Province of Quebec or charged by any deed of hypothec (or any other Loan Document) and for all other purposes pursuant to which the interpretation or construction of a Loan Document may be subject to the laws of the Province of Quebec or a court or

tribunal exercising jurisdiction in the Province of Quebec, (a)"personal property" shall be deemed to include "movable property", (b)"real property" shall be deemed to include "immovable property", (c)"tangible property" shall be deemed to include "corporeal property", (d)"intangible property" shall be deemed to include "incorporeal property", (e)"security interest", "mortgage" and "lien" shall be deemed to include a "hypothec", "prior claim" and a "resolutive clause", (f)all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the *Civil Code of Quebec*, (g)all references to "perfection" of or "perfected" Liens shall be deemed to include a reference to an "opposable" or "set up" Liens as against third parties, (h)any "right of offset", "right of setoff" or similar expression shall be deemed to include a "right of compensation", (i)"goods" shall be deemed to include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (j)an "agent" shall be deemed to include a "mandatary", (k)"construction liens" shall be deemed to include "legal hypothecs", (l)"joint and several" shall be deemed to include "solidary", (m)"gross negligence or willful misconduct" shall be deemed to be "intentional or gross fault", (n)"beneficial ownership" shall be deemed to include "ownership on behalf of another as mandatary", (o)"easement" shall be deemed to include "servitude", (p)"priority" shall be deemed to include "prior claim", (q)"survey" shall be deemed to include "certificate of location and plan", and (r)"fee simple title" shall be deemed to include "absolute ownership". 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 (except if another language is required under any applicable law) 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 la langue anglaise seulement (sauf si une autre langue est requise en vertu d'une loi applicable).*

1.5 **Currency Equivalents.** Unless expressly provided otherwise, all references in the Loan Documents to Loans, Letters of Credit, Obligations, Commitments, Borrowing Base components and other amounts shall be denominated in Dollars. The Dollar Equivalent of any amounts denominated or reported under a Loan Document in a currency other than Dollars shall be determined by Agent on a daily basis, based on the current Spot Rate. Borrowers shall report Value and other Borrowing Base components to Agent in the currency invoiced by the Obligors or shown in the Obligors' financial records, and unless expressly provided otherwise, herein shall deliver financial statements and calculate financial covenants in Dollars. Notwithstanding anything herein to the contrary, if any Obligation is funded and expressly denominated in a currency other than Dollars, the Obligors shall repay such Obligation in such other currency.

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## SECTION 2. CREDIT FACILITIES

### 2.1. Commitments.

2.1.1. U.S. Revolver Loans to U.S. Borrowers. Each U.S. Lender agrees, severally and not jointly with the other U.S. Lenders, upon the terms and subject to the conditions set forth herein, to make U.S. Revolver Loans to U.S. Borrowers on any Business Day during the period from the Closing Date to the Commitment Termination Date, not to exceed in aggregate principal amount outstanding at any time such Lender's Borrower Group Commitment to U.S. Borrowers at such time, which U.S. Revolver Loans may be repaid and reborrowed in accordance with the provisions of this Agreement; provided, however, that such Lenders shall have no obligation to U.S. Borrowers whatsoever to honor any request from a U.S. Borrower for a U.S. Revolver Loan on or after the Commitment Termination Date or if at the time of the proposed funding thereof U.S. Revolver Usage exceeds, or would exceed after the funding of such U.S. Revolver Loan, the U.S. Borrowing Base. Each Borrowing of U.S. Revolver Loans shall be funded by U.S. Lenders on a Pro Rata basis in accordance with their respective Borrower Group Commitments to U.S. Borrowers (except for Bank of America with respect to Swingline Loans). The U.S. Revolver Loans shall bear interest as set forth in **Section 3.1**. The U.S. Revolver Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the U.S. Collateral. U.S. Borrowers shall be jointly and severally liable to pay all of the Revolver Loans made to any member of their Borrower Group. Each U.S. Revolver Loan shall be funded and repaid in Dollars.

2.1.2. Canadian Revolver Loans to Canadian Borrower. Each Canadian Lender agrees severally and not jointly with the other Canadian Lenders, upon the terms and subject to the conditions set forth herein, to make Canadian Revolver Loans to Canadian Borrower on any Business Day during the period from the Closing Date to the Commitment Termination Date, not to exceed in aggregate principal amount outstanding at any time, such Canadian Lender's Borrower Group Commitment to Canadian Borrower at such time, which Canadian Revolver Loans may be repaid and reborrowed in accordance with the provisions of this Agreement; provided, however, that Canadian Lenders shall have no obligation to Canadian Borrower whatsoever to honor any request from Canadian Borrower for a Canadian Revolver Loan on or after the Commitment Termination Date or if at the time of the proposed funding thereof Canadian Revolver Usage exceeds, or would exceed after the funding of such Canadian Revolver Loan, the Canadian Borrowing Base. Each Borrowing of Canadian Revolver Loans shall be funded by Canadian Lenders on a Pro Rata basis in accordance with their respective Borrower Group Commitments to Canadian Borrower (except for Bank of America (acting through its Canada branch) with respect to Swingline Loans). The Canadian Revolver Loans shall bear interest as set forth in **Section 3.1**. The Canadian Revolver Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the Canadian Collateral and all of the U.S. Collateral. Each Canadian Revolver Loan shall be funded and repaid in Canadian Dollars or Dollars according to the denomination of the currency in which the underlying Canadian Revolver Loan was made.

2.1.3. Cap on Total Revolver Exposure. Notwithstanding anything to the contrary contained in **Sections 2.1.1** and **2.1.2** in no event shall any Borrower be entitled to receive a Revolver Loan if at the time of the proposed funding of such Revolver Loan (and after giving effect thereto and all pending requests for Revolver Loans), the Total Revolver Exposure exceeds (or would exceed) the Maximum Facility Amount.

2.1.4. Revolver Notes. The Revolver Loans made by each Lender and interest accruing thereon shall be evidenced by the records of Agent and such Lender. At the request of any Lender to a Borrower Group, Borrowers within such Borrower Group shall deliver to such Lender a promissory note evidencing the amount of such Lender's Borrower Group Commitment to such Borrower Group.

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2.1.5. Use of Proceeds. The proceeds of Revolver Loans and cash on hand shall be used by Borrowers of a Borrower Group solely (a)to satisfy existing Debt, (b)pay fees and transaction expenses associated with the closing of the Transactions; (c)to pay any of the Borrower Group Obligations of such Borrower Group in accordance with this Agreement; and (d)for lawful purposes of Borrowers, including working capital, Capital Expenditures and Permitted Acquisitions and other general corporate purposes. Borrowers shall not, directly or indirectly, use any Letter of Credit or Loan proceeds, nor use, lend, contribute or otherwise make available any Letter of Credit or Loan proceeds to any Subsidiary, joint venture partner or other Person, (i)to fund any activities of or business with any Person (including a Canadian Designated Person), or in any Designated Jurisdiction, that, at the time of issuance of the Letter of Credit or funding of the Loan, is the subject of any Sanction; (ii)in any manner that would result in a violation of a Sanction by any Person (including any Secured Party or other individual or entity participating in any transaction); or (iii)for any purpose that would breach the U.S. Foreign Corrupt Practices Act of 1977, the Corruption of Foreign Public Official Act (Canada), Canadian Economic Sanctions and Export Control Laws, the UK Bribery Act 2010, or similar law in any jurisdiction.

### 2.1.6. Voluntary Reduction; Termination of Commitments; Reallocation of Facility Amounts.

(a)The Commitments shall terminate on the Revolver Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least 30 days prior written notice to Agent at any time, Borrowers may, at their option, terminate the Commitments and this credit facility. Any notice of termination given by Borrowers shall be irrevocable. On the termination date, Borrowers shall make Full Payment of all Obligations.

(b)Borrowers within a Borrower Group may permanently reduce the Borrower Group Commitments of such Borrower Group, on a Pro Rata basis for each Applicable Lender, upon at least 30 days prior written notice to Agent delivered at any time, which notice shall specify the amount of the reduction and shall be irrevocable once given. Each reduction shall be in a minimum amount of the Dollar Equivalent of \$5,000,000 (or, in the case of the Borrower Group Commitment to Canadian Borrower, \$1,000,000), or an increment of the Dollar Equivalent of \$1,000,000 in excess thereof.

(c)Not more frequently than twice per Loan Year, the U.S. Facility Amount and Canadian Facility Amount may be reallocated, so long as no Default or Event of Default exists, upon written notice by Borrower Agent to Agent accepted and consented to by Agent and the affected Lenders whose Commitments are to be allocated between the Canadian Facility Amount and the U.S. Facility Amount in their reasonable discretion, provided that (i)all such reallocations shall be in integral multiples of \$1,000,000, (ii)the Total Revolver Exposure (after giving effect to such reallocation) shall not at any time exceed the aggregate Commitments at such time, (iii)the U.S. Revolver Exposure (after giving effect to such reallocation) shall not exceed the U.S. Facility Amount, (iv)the Canadian Revolver Exposure (after giving effect to such reallocation) shall not exceed the Canadian Facility Amount and (v)such reallocation shall be effective as of the first day of the month following the month in which Borrower Representative's written notice is received by Agent.

2.1.7. Overadvances. If U.S. Revolver Usage on any date exceeds the U.S. Borrowing Base on such date or Canadian Revolver Usage on any date exceeds the Canadian Borrowing Base on such date (each, an "Overadvance"), the excess amount shall be payable by U.S. Borrowers or Canadian Borrower, as applicable, **on demand** by Agent, but all such U.S. Revolver Loans shall nevertheless constitute Borrower Group Obligations of U.S. Borrowers secured by the U.S. Collateral and entitled to all of the benefits of the Loan Documents and all such Canadian Revolver Loans shall nevertheless constitute Borrower Group Obligations of Canadian Borrower secured by the U.S. Collateral and the Canadian Collateral and entitled to all benefits of the Loan Documents. Agent may require the Applicable Lenders to honor requests for Overadvance Loans and to forbear from requiring Borrowers of the applicable Borrower Group to cure an Overadvance of such Borrower Group, (a)when no other Event of Default is known to Agent, as long as (i)the Overadvance does not continue for more than 30 consecutive days (and no Overadvance may exist for at least five consecutive days thereafter before further Overadvance Loans are required), and (ii)the Overadvance with respect to Borrowers of a Borrower Group is not known by Agent to exceed 10% of the Borrower Group Commitment to Borrowers within such Borrower Group; and (b)regardless of whether an Event of Default exists, if Agent discovers an Overadvance not previously known by it to exist, as long as from the date of such discovery the Overadvance (i)is not increased by more than the Dollar Equivalent of \$5,000,000 in the aggregate and allocated as follows: \$4,000,000 with respect to the U.S. Borrowing Base or the Dollar Equivalent of \$1,000,000 with respect to the Canadian Borrowing Base, and (ii)does not continue for more than 30 consecutive days. In no event shall Overadvance Loans be required that would cause Revolver Usage to Borrowers within a Borrower Group to exceed the aggregate Commitments or the applicable Borrower Group Commitments to such Borrowers. Any funding of an Overadvance Loan or sufferance of an Overadvance shall not constitute a waiver by Agent or Lenders of the Event of Default caused thereby. In no event shall any Borrower or other Obligor be deemed a beneficiary of this Section nor authorized to enforce any of its terms.

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2.1.8. Protective Advances. Agent shall be authorized, in its discretion, at any time that any conditions in **Section 6** are not satisfied but not in excess of the aggregate Borrower Group Commitments, to make U.S. Base Rate Loans, Canadian Base Rate Loans and Canadian Prime Rate Loans, as applicable (each, a "Protective Advance") (a)up to an aggregate amount of 10% of the Borrower Group Commitments to the applicable Borrower Group in respect of which such Protective Advance is made, if Agent deems such Loans necessary or desirable to preserve or protect Collateral, or to enhance the collectability or repayment of Obligations, as long as such Loans do not cause U.S. Revolver Usage to exceed the aggregate Borrower Group Commitments to U.S. Borrowers or Canadian Revolver Usage to exceed the aggregate Borrower Group Commitments to Canadian Borrower, as applicable; or (b)to pay any other amounts chargeable to Obligors under any Loan Documents, including interest, costs, fees and expenses hereunder and under the other Loan Documents. All Protective Advances made by Agent as U.S. Base Rate Loans shall be U.S. Direct Obligations, secured by the U.S. Collateral and shall be treated for all purposes as Extraordinary Expenses and all Protective Advances made by Agent as Canadian Base Rate Loans or Canadian Prime Rate Loans shall be Canadian Obligations, secured by the U.S. Collateral and the Canadian Collateral and shall be treated for all purposes as Extraordinary Expenses. Each Applicable Lender shall participate in each Protective Advance on a Pro Rata basis. Required Borrower Group Lenders may at any time revoke Agent's authority to make further Protective Advances under clause (a)by written notice to Agent. Absent such revocation, Agent's determination that funding of a Protective Advance is appropriate shall be conclusive.

## **2.2. Intentionally Omitted.**

## **2.3. Letter of Credit Facility.**

2.3.1. Issuance of Letters of Credit. Agent shall cause the Applicable Issuing Bank to issue Letters of Credit from time to time until 30 days prior to the Revolver Termination Date (or until the Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

(a)Each Borrower acknowledges that the Applicable Issuing Bank's issuance of any Letter of Credit is conditioned upon the Applicable Issuing Bank's receipt of a LC Application with respect to the requested Letter of Credit, as well as such other instruments and agreements as the Applicable Issuing Bank may customarily require for issuance of a letter of credit of similar type and amount. The Applicable Issuing Bank shall have no obligation to issue any Letter of Credit unless (i)the Applicable Issuing Bank receives a LC Request and LC Application at least three Business Days prior to the requested date of issuance; (ii)each LC Condition is satisfied; and (iii)if a Defaulting Lender exists, such Lender or Borrowers have entered into arrangements satisfactory to Agent and the Applicable Issuing Bank to eliminate any Fronting Exposure associated with such Lender. If, in sufficient time to act, the Applicable Issuing Bank receives written notice from Required Borrower Group Lenders that a LC Condition has not been satisfied, the Applicable Issuing Bank shall not issue the requested Letter of Credit. Prior to receipt of any such notice, the Applicable Issuing Bank shall not be deemed to have knowledge of any failure of LC Conditions.

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(b)Letters of Credit may be requested by a Borrower to support obligations incurred in the Ordinary Course of Business, or as otherwise approved by Agent. The renewal or extension of any Letter of Credit shall be treated as the issuance of a new Letter of Credit, except that delivery of a new LC Application shall be required at the discretion of the Applicable Issuing Bank. Each Letter of Credit issued by an Issuing Bank for the account of a Borrower (or any Subsidiary of a Borrower so long as such Subsidiary is a joint and several co-applicant with the Borrowers within the applicable Borrower Group, and references to an LC Borrower shall be deemed to include a reference to such Subsidiary) shall be deemed to have been issued for the joint account of each Borrower within such Borrower's Borrower Group (each being referred to as an "LC Borrower" and collectively as "LC Borrowers") whether or not such Borrowers have executed any LC Documents, and each LC Borrower shall be jointly and severally liable for the payment of all LC Obligations arising from or related to such Letter of Credit.

(c)LC Borrowers assume all risks of the acts, omissions or misuses of any Letter of Credit by the beneficiary. In connection with issuance of any Letter of Credit, no Credit Party shall be responsible for the existence, character, quality, quantity, condition, packing, value or delivery of any goods purported to be represented by any Documents; any differences or variation in the character, quality, quantity, condition, packing, value or delivery of any goods from that expressed in any Documents; the form, validity, sufficiency, accuracy, genuineness or legal effect of any Documents or of any endorsements thereon; the time, place, manner or order in which shipment of goods is made; partial or incomplete shipment of, or failure to ship, any goods referred to in a Letter of Credit or Documents; any deviation from instructions, delay, default or fraud by any shipper or other Person in connection with any goods, shipment or delivery; any breach of contract between a shipper or vendor and a Borrower; errors, omissions,



interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopy, e-mail, telephone or otherwise; errors in interpretation of technical terms; the misapplication by a beneficiary of any Letter of Credit or the proceeds thereof; or any consequences arising from causes beyond the control of any Credit Party, including any act or omission of a Governmental Authority. The rights and remedies of the Applicable Issuing Bank under the Loan Documents shall be cumulative. The Applicable Issuing Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrowers are discharged with proceeds of any Letter of Credit.

(d) In connection with its administration of and enforcement of rights or remedies under any Letters of Credit or LC Documents, the Applicable Issuing Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, documentation or communication in whatever form believed by the Applicable Issuing Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person. The Applicable Issuing Bank may consult with and employ legal counsel, accountants and other experts to advise it concerning its obligations, rights and remedies, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by such experts. The Applicable Issuing Bank may employ agents and attorneys-in-fact in connection with any matter relating to Letters of Credit or LC Documents, and shall not be liable for the negligence or misconduct of agents and attorneys-in-fact selected with reasonable care.

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### 2.3.2. Reimbursement; Participations.

(a) If an Applicable Issuing Bank honors any request for payment under a Letter of Credit, LC Borrowers of the applicable Borrower Group shall pay to such Applicable Issuing Bank, on the same day ("Reimbursement Date"), the amount paid by the Applicable Issuing Bank under such Letter of Credit, together with interest at the interest rate for U.S. Base Rate Loans (in the case of a Letter of Credit issued for a U.S. Borrower), the interest rate for Canadian Prime Rate Loans denominated in Canadian Dollars (in the case of a Letter of Credit issued for Canadian Borrower in Canadian Dollars) or the interest rate for Canadian Base Rate Loans denominated in Dollars (in the case of a Letter of Credit issued for Canadian Borrower in Dollars) from the Reimbursement Date until payment by applicable Borrowers. The obligation of LC Borrowers within a Borrower Group to reimburse the Applicable Issuing Bank for any payment made under a Letter of Credit shall be absolute, unconditional, irrevocable, and joint and several, and shall be paid without regard to any lack of validity or enforceability of any Letter of Credit or the existence of any claim, setoff, defense or other right that Borrowers within such Borrower Group may have at any time against the beneficiary. Whether or not Borrower Agent submits a Notice of Borrowing, the LC Borrowers shall be deemed to have requested a Borrowing of U.S. Base Rate Loans (in the case of LC Borrowers that are U.S. Borrowers), Canadian Prime Rate Loans denominated in Canadian Dollars (in the case of a LC Borrower that is Canadian Borrower and a Letter of Credit denominated in Canadian Dollars) or Canadian Base Rate Loans denominated in Dollars (in the case of an LC Borrower that is Canadian Borrower and a Letter of Credit denominated in Dollars) in an amount necessary to pay all amounts due the Applicable Issuing Bank on any Reimbursement Date and each Applicable Lender agrees to fund its Pro Rata share of such Borrowing whether or not the Commitments have terminated, an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied.

(b) Upon issuance of a Letter of Credit, each Applicable Lender shall be deemed to have irrevocably and unconditionally purchased from the Applicable Issuing Bank, without recourse or warranty, an undivided Pro Rata interest and participation in all LC Obligations relating to the Letter of Credit. If the Applicable Issuing Bank makes any payment under a Letter of Credit and LC Borrowers of the applicable Borrower Group do not reimburse such payment on the Reimbursement Date, Agent shall promptly notify the Applicable Lenders and each Applicable Lender shall promptly (within one Business Day) and unconditionally pay to Agent, for the benefit of the Applicable Issuing Bank, the Applicable Lender's Pro Rata share of such payment. Upon request by an Applicable Lender, the Applicable Issuing Bank shall furnish copies of any Letters of Credit and LC Documents in its possession at such time.

(c) The obligation of each Applicable Lender to make payments to Agent for the account of the Applicable Issuing Bank in connection with the Applicable Issuing Bank's payment under a Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, qualification or exception whatsoever, and shall be made in accordance with this Agreement under all circumstances, irrespective of any lack of validity or unenforceability of any Loan Documents; any draft, certificate or other document presented under a Letter of Credit having been determined to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or the existence of any setoff or defense that any Obligor may have with respect to any Obligations. No Issuing Bank assumes any responsibility for any failure or delay in performance or any breach by any Borrower or other Person of any obligations under any LC Documents. No Issuing Bank makes to Lenders any express or implied warranty, representation or guaranty with respect to the Collateral, LC Documents or any Obligor. No Issuing Bank shall be responsible to any Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any LC Documents; the validity, genuineness, enforceability, collectability, value or sufficiency of any Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor.

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(d) No Issuing Bank Indemnitee shall be liable to any Lender or other Person for any action taken or omitted to be taken in connection with any Letter of Credit or LC Documents except as a result of its gross negligence or willful misconduct. No Applicable Issuing Bank shall have any liability to any Lender if such Applicable Issuing Bank refrains from taking any action under any Letter of Credit or LC Documents until it receives written instructions from the Required Borrower Group Lenders.

2.3.3. Cash Collateral. If any LC Obligations of a Borrower within a Borrower Group, whether or not then due or payable, shall for any reason be outstanding at any time (a) that an Event of Default exists, (b) that U.S. Availability or Canadian Availability, as applicable, is less than zero, (c) after the Commitment Termination Date, or (d) within 20 Business Days prior to the Revolver Termination Date, then the respective LC Borrowers within such Borrower Group shall, at the Applicable Issuing Bank's or Agent's request, pay to Agent, for the benefit of itself and the Applicable Issuing Bank, the amount of all outstanding LC Obligations and any fees associated therewith of such Borrower Group then due and payable and Cash Collateralize all Undrawn Amounts under the Letters of Credit issued for the account of such Borrower Group and any fees associated therewith for the account of such LC Borrowers. The LC Borrowers within a Borrower Group shall, **on demand** by the Applicable Issuing Bank or Agent from time to time, Cash Collateralize the Fronting Exposure of any Applicable Defaulting Lender. If the LC Borrowers fail to provide Cash Collateral as required hereunder, the Applicable Lenders may (and shall upon direction of Agent) advance, as Revolver Loans, the amount of the Cash Collateral required (whether or not the Commitments have terminated, an Overadvance exists or the conditions in **Section 6** are satisfied) in the currency in which such Letter of Credit is denominated. Each LC Borrower hereby pledges to Agent and grants to Agent a Lien upon, for the benefit of Agent in such capacity and for the benefit of the Secured Parties, all Cash Collateral remitted by it and held in the Cash Collateral Account from time to time, and all proceeds thereof, as security for the payment of all Obligations of such LC Borrower (including the LC Obligations of such LC Borrower), whether or not then due and payable.

2.3.4. Currency Issues. All Letters of Credit issued on behalf of an LC Borrower shall be denominated in, and payments to be made with reference to a Letter of Credit and the LC Obligations payable in connection therewith shall be made in, the currency in which Borrowings may be made to such LC Borrower under the Commitments, whether such payments are made by LC Borrowers to the Applicable Issuing Bank, by LC Borrowers to Agent, by LC Borrowers to Indemnitees, by Lenders participating in the LC Obligations to Agent or the Applicable Issuing Bank or by Agent to Lenders participating in the LC Obligations or by any other Person as provided in this **Section 2.3**.

2.3.5. Resignation of Issuing Banks. Any Issuing Bank may resign at any time upon notice to Agent and Borrowers. On and after the effective date of such resignation, such Issuing Bank shall have no obligation to issue, amend, renew, extend or otherwise modify any Letter of Credit, but shall continue to have all rights and other obligations of an Issuing Bank hereunder relating to any Letter of Credit issued by it prior to such date. Agent shall promptly appoint a replacement Issuing

Bank, which, as long as no Default or Event of Default exists, shall be reasonably acceptable to Borrowers.

2.3.6. Existing Letters of Credit. The parties acknowledge and agree that, concurrently with the making of the initial Loans hereunder, the Existing Letters of Credit shall constitute Letters of Credit hereunder for all purposes as if the Existing Letters of Credit had been issued as Letters of Credit hereunder.

### SECTION 3. INTEREST, FEES AND CHARGES

#### 3.1. Interest.

##### 3.1.1. Rates and Payment of Interest.

(a) The Obligations shall bear interest (i)if a U.S. Base Rate Loan, at the U.S. Base Rate in effect from time to time, plus the Applicable Margin; (ii)if a LIBOR Loan, at LIBOR for the applicable Interest Period, plus the Applicable Margin; (iii)if a Canadian Prime Rate Loan denominated in Canadian Dollars, at the Canadian Prime Rate in effect from time to time, plus the Applicable Margin; (iv)if a Canadian BA Rate Loan denominated in Canadian Dollars, at the Canadian BA Rate for the applicable Interest Period plus the Applicable Margin, (v)if a Canadian Base Rate Loan denominated in Dollars, at the Canadian Base Rate in effect from time to time plus the Applicable Margin, (vi)if any other U.S. Obligation (including, to the extent permitted by law, interest not paid when due), at the U.S. Base Rate in effect from time to time, plus the Applicable Margin for U.S. Base Rate Loans, (vii) if any other Canadian Obligation in Dollars (including, to the extent permitted by law, interest on Dollar denominated Canadian Revolver Loans not paid when due), at the Canadian Base Rate in effect from time to time plus the Applicable Margin for Canadian Base Rate Loans, and (viii)if any other Canadian Obligation in Canadian Dollars (including, to the extent permitted by law, interest on Canadian Dollar denominated Canadian Revolver Loans not paid when due), at the Canadian Prime Rate in effect from time to time plus the Applicable Margin for Canadian Prime Rate Loans.

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(b) Interest on the Loans shall be payable in the currency (i.e. Dollars or Canadian Dollars, as the case may be) of the underlying Loan.

(c)During an Insolvency Proceeding with respect to any Obligor, or during any other Event of Default, Borrower Group Obligations of each Borrower Group shall bear interest at the Default Rate (whether before or after any judgment). Each Borrower acknowledges that the cost and expense to Agent and Lenders due to an Event of Default are difficult to ascertain and that the Default Rate is fair and reasonable compensation for this.

(d)Interest shall accrue from the date a Loan is advanced or Obligation is incurred or payable, until paid in full by Borrowers. If a Loan is repaid on the same day made, one day's interest shall accrue. Interest accrued on the Loans shall be due and payable in arrears, (i)(A)in the case of all Loans other than Canadian Base Rate Loans, Canadian BA Rate Loans, and Canadian Prime Rate Loans, on the first day of each month and (B)in the case of Canadian Base Rate Loans, Canadian BA Rate Loans, and Canadian Prime Rate Loans, on the first Business Day of each month; (ii)on any date of prepayment, with respect to the principal amount of Loans being prepaid; and (iii)on the Commitment Termination Date. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable **on demand**. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable **on demand**.

##### 3.1.2. Application of LIBOR and Canadian BA Rate to Outstanding Loans.

(a) Borrowers may on any Business Day, subject to delivery of a Notice of Conversion/Continuation, elect to convert any portion of the Base Rate Loans to, or to continue any LIBOR Loan at the end of its Interest Period as, a LIBOR Loan or convert any portion of the Canadian Prime Rate Loans to, or to continue any Canadian BA Rate Loans at the end of its Interest Period as, a Canadian BA Rate Loan. During any Default or Event of Default, Agent may (and shall at the direction of Required Lenders) declare that no Loan may be made, converted or continued as a LIBOR Loan or a Canadian BA Rate Loan.

(b)Whenever Borrowers desire to convert or continue Loans as LIBOR Loans or Canadian BA Rate Loans, Borrower Agent shall give Agent a Notice of Conversion/Continuation, no later than 11:00 a.m.at least (i)in the case of a conversion or continuation of U.S. Revolver Loans, two Business Days before the requested conversion or continuation date or (ii)in the case of a conversion or continuation of Canadian Revolver Loans, three Business Days before the requested conversion or continuation date. Promptly after receiving any such notice, Agent shall notify each Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the amount of Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be 30 days if not specified). If, upon the expiration of any Interest Period in respect of any LIBOR Loans, Borrowers shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such Revolver Loans into Base Rate Loans. If, upon the expiration of any Interest Period in respect of any Canadian BA Loans, Borrowers shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such Revolver Loans into Canadian Prime Rate Loans.

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3.1.3. Interest Periods. In connection with the making, conversion or continuation of any LIBOR Loans or Canadian BA Rate Loans, Borrowers shall select an interest period ("Interest Period") to apply, which interest period shall be 30, 60, or 90 days;provided, however, that:

(a)the Interest Period shall begin on the date the Loan is made or continued as, or converted into, a LIBOR Loan or a Canadian BA Rate Loan, and shall expire on the numerically corresponding day in the calendar month at its end;

(b)if any Interest Period begins on a day for which there is no corresponding day in the calendar month at its end or if such corresponding day falls after the last Business Day of such month, then the Interest Period shall expire on the last Business Day of such month; and if any Interest Period would otherwise expire on a day that is not a Business Day, the period shall expire on the next Business Day; and

(c) no Interest Period shall extend beyond the Revolver Termination Date.

3.1.4. Interest Rate Not Ascertainable. If Agent shall determine that on any date for determining LIBOR or Canadian BA Rate adequate and fair means do not exist for ascertaining such rate on the basis provided herein, then Agent shall immediately notify Borrowers of such determination. Until Agent notifies Borrowers that such circumstance no longer exists, the obligation of Lenders to make LIBOR Loans or Canadian BA Rate Loans shall be suspended, and no further Loans may be converted into or continued as LIBOR Loans or Canadian BA Rate Loans.

#### 3.2. Fees.

3.2.1. Unused Line Fee. U.S. Borrowers shall pay to Agent, for the Pro Rata benefit of U.S. Lenders, a fee equal to the Unused Line Fee Rate times the amount by which the U.S. Facility Amount exceeds the average daily U.S. Revolver Usage during any month. Such fee shall be payable in arrears, on the first day of each month and on the Commitment Termination Date. Canadian Borrower shall pay to Agent, for the Pro Rata benefit of Canadian Lenders, a fee equal to the Unused Line Fee Rate

times the amount by which the Canadian Facility Amount exceeds the average daily Canadian Revolver Usage during any month. Such fee shall be payable in arrears, on the first Business Day of each month and on the Commitment Termination Date.

**3.2.2. LC Facility Fees.**

(a) U.S. Borrowers shall pay (i) to Agent, for the Pro Rata benefit of U.S. Lenders, a fee equal to the Applicable Margin in effect for LIBOR Revolver Loans times the average daily Stated Amount of U.S. Letters of Credit, which fee shall be payable monthly in arrears, on the first day of each month; (ii) to the Applicable Issuing Bank, for its own account, a fronting fee equal to 0.125% per annum on the Stated Amount of each U.S. Letter of Credit, which fee shall be payable monthly in arrears, on the first day of each month; and (iii) to the Applicable Issuing Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of U.S. Letters of Credit, which charges shall be paid as and when incurred. During an Event of Default, the fee payable under clause (i) shall be increased by 2% per annum.

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(b) Canadian Borrower shall pay (i) to Agent, for the Pro Rata benefit of Canadian Lenders, a fee in Canadian Dollars (or, if the Canadian Letter of Credit is denominated in Dollars, Dollars) equal to the Applicable Margin in effect for Canadian BA Rate Loans (or, if the Canadian Letter of Credit is denominated in Dollars, LIBOR Revolver Loans) times the average daily Stated Amount of Canadian Letters of Credit, which fee shall be payable monthly in arrears, on the first Business Day of each month; (ii) to Applicable Issuing Bank, for its own account, a fronting fee in Canadian Dollars (or if the Canadian Letter of Credit is denominated in Dollars, Dollars) in an amount equal to 0.125% per annum on the Stated Amount of each Canadian Letter of Credit, which fee shall be payable monthly in arrears, on the first day of each month; and (iii) to the Applicable Issuing Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Canadian Letters of Credit, which charges shall be paid as and when incurred. During an Event of Default, the fee payable under clause (i) shall be increased by 2% per annum.

**3.2.3. Fee Letters** Borrowers shall pay all fees set forth in the Fee Letter.

**3.3. Computation of Interest, Fees, Yield Protection.** All interest, as well as fees and other charges calculated on a per annum basis, shall be computed for the actual days elapsed, based on a year of 360 days, except that interest computed by reference to the Canadian Base Rate, Canadian Prime Rate and Canadian BA Rate shall be computed on the basis of a year of 365 days. Each determination by Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate, refund or proration. All fees payable under **Section 3.2** are compensation for services and are not, and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate as to amounts payable by Borrowers under **Section 3.4, 3.6, 3.7, 3.9 or 5.9**, submitted to Borrower Agent by Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within 10 days following receipt of the certificate. For the purposes of the *Interest Act* (Canada), (i) whenever any interest under this Agreement or any other Loan Document is calculated using a rate based on a year of 360 days or any other period of time that is less than a calendar year, the rate is determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest is payable (or compounded) ends and (z) divided by 360 or such other period of time, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

**3.4. Reimbursement Obligations.** Borrowers within each Borrower Group shall reimburse Agent for all Extraordinary Expenses incurred by Agent in reference to such Borrower Group or its related Borrower Group Obligations or Collateral. Such Borrowers shall also reimburse Agent for all legal, accounting, appraisal, consulting, and other fees, costs and expenses incurred by it in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral of such Borrower Group, Loan Documents and transactions contemplated thereby in reference to such Borrower Group or its related Borrower Group Obligations or Collateral, including any actions taken to perfect or maintain priority of Agent's Liens on any Collateral of such Borrower Group, to maintain any insurance required hereunder or to verify Collateral of such Borrower Group; and (c) subject to the limits of **Section 10.1.1(b)**, each inspection, audit or appraisal with respect to any Obligor within such Borrower Group or Collateral securing the Borrower Group Obligations of such Borrower Group, whether prepared by Agent's personnel or a third party. All legal, accounting and consulting fees shall be charged to Borrowers within each Borrower Group by Agent's professionals at their hourly rates actually billed and may not represent any reduced or alternative fee billing arrangements that Agent, any Applicable Lender or any of their Affiliates may have with such professionals. Borrowers acknowledge that counsel may provide Agent with a benefit, such as a discount, credit or other accommodation, based on counsel's overall relationship with Agent, including fees paid hereunder. If, for any reason (including inaccurate reporting on financial statements or a Compliance Certificate), it is determined that a higher Applicable Margin should have applied to a period than was actually applied, then the proper margin shall be applied retroactively and Borrowers shall immediately pay to Agent, for the Pro Rata benefit of Lenders, an amount equal to the difference between the amount of interest and fees that would have accrued using the proper margin and the amount actually paid. All amounts payable by Borrowers under this Section shall be due **on demand**.

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**3.5. Illegality.** If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund LIBOR Loans or Canadian BA Rate Loans, or to determine or charge interest rates based upon LIBOR or the Canadian BA Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase, accept, discount or sell, or to take deposits of, Dollars in the London interbank market (or, in the case of Canadian BA Rate Loans, Canadian bankers' acceptances are not being offered by bankers), then, on notice thereof by such Lender to Agent, any obligation of such Lender to make or continue LIBOR Loans or Canadian BA Rate Loans, as applicable, or to convert Base Rate Loans to LIBOR Loans or Canadian Prime Rate Loans to Canadian BA Rate Loans, as applicable, shall be suspended until such Lender notifies Agent that the circumstances giving rise to such determination no longer exist. Upon delivery of such notice, Borrowers shall prepay or, if applicable, convert all LIBOR Loans of such Lender to Base Rate Loans or all Canadian BA Rate Loans to Canadian Prime Rate Loans, as applicable, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such LIBOR Loans or Canadian BA Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Loans or Canadian BA Rate Loans. Upon any such prepayment or conversion, Borrowers shall also pay accrued interest on the amount so prepaid or converted.

**3.6. Inability to Determine Rates.** If Required Borrower Group Lenders with respect to any Borrower Group notify Agent for any reason in connection with a request for a Borrowing of, or conversion to or continuation of, a LIBOR Loan or a Canadian BA Rate Loan that (a) in the case of LIBOR Loans, Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such Loan, or, in the case of Canadian BA Rate Loans, Canadian bankers' acceptances are not being offered by banks, (b) adequate and reasonable means do not exist for determining LIBOR or the Canadian BA Rate for the requested Interest Period, or (c) LIBOR or Canadian BA Rate for the requested Interest Period does not adequately and fairly reflect the cost to such Lenders of funding such Loan, then Agent will promptly so notify Borrower Agent and each Applicable Lender. Thereafter, the obligation of Applicable Lenders to make or maintain LIBOR Loans or Canadian BA Rate Loans shall be suspended until Agent (upon instruction by Required Borrower Group Lenders with respect to such Borrower Group) revokes such notice. Upon receipt of such notice, Borrower Agent may revoke any pending request for a Borrowing of, conversion to or continuation of a LIBOR Loan or a Canadian BA Rate or, failing that, will be deemed to have submitted a request for a Base Rate Loan or a Canadian Prime Rate Loan, as applicable.

**3.7. Increased Costs; Capital Adequacy.**

3.7.1. Change in Law. If any Change in Law shall:

- (a) impose, modify or deem applicable any reserve, liquidity, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in LIBOR or the Canadian BA Rate) or any Issuing Bank;
- (b) subject any Recipient to any Tax with respect to any Loan, Loan Document, Letter of Credit or participation in LC Obligations, or change the basis of taxation of payments to such Recipient in respect thereof (except for Indemnified Taxes, Connection Income Taxes or Other Taxes covered by **Section 5.9** and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or such Issuing Bank); or

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- (c) impose on any Lender, any Issuing Bank or interbank market any other condition, cost or expense affecting any Loan, Loan Document, Letter of Credit, participation in LC Obligations, or Commitment;

and the result thereof shall be to increase the cost to such Lender of making or maintaining any Loan or Commitment, or to increase the cost to such Lender or such Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such Issuing Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or such Issuing Bank, Borrowers to which such Credit Party has a Borrower Group Commitment will pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

3.7.2. Capital Adequacy. If any Lender or any Issuing Bank determines that any Change in Law affecting such Lender or such Issuing Bank or any Lending Office of such Lender or such Lender's or such Issuing Bank's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, such Issuing Bank's or such holding company's capital as a consequence of this Agreement, or such Lender's or such Issuing Bank's Borrower Group Commitment, Loans, Letters of Credit or participations in LC Obligations, to a level below that which such Lender, such Issuing Bank or such holding company could have achieved but for such Change in Law (taking into consideration such Lender's, such Issuing Bank's and such holding company's policies with respect to capital adequacy), then from time to time Borrowers to which such Credit Party has a Borrower Group Commitment will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

3.7.3. Compensation. Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation, but Borrowers of a Borrower Group shall not be required to compensate a Lender or an Issuing Bank that has issued a Commitment to such Borrower Group for any increased costs incurred or reductions suffered more than nine months prior to the date that the Lender or Issuing Bank notifies Borrower Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.7.4. LIBOR Loan Reserves. If any Lender or Issuing Bank is required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits, Borrowers of the applicable Borrower Group shall pay additional interest to such Lender or Issuing Bank, as applicable, on each LIBOR Loan equal to the costs of such reserves allocated to such Loan by such Lender or Issuing Bank, as applicable (as determined by it in good faith, which determination shall be conclusive). The additional interest shall be due and payable on each interest payment date for the applicable Loan; provided, however, that if such Lender or Issuing Bank, as applicable, notifies Borrower Agent (with a copy to Agent) of the additional interest less than 10 Business Days prior to the interest payment date, then such interest shall be payable 10 Business Days after Borrower Agent's receipt of the notice.

3.8. Mitigation. If any Lender gives a notice under **Section 3.5** or requests compensation under **Section 3.7**, or if Borrowers of any Borrower Group are required to pay Indemnified Taxes or additional amounts with respect to a Lender under **Section 5.9**, then at the request of Borrower Agent, such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or unlawful. Borrowers of each Borrower Group shall pay all reasonable costs and expenses incurred by any Lender who has issued a Commitment to such Borrower Group in connection with any such designation or assignment.

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3.9. Funding Losses. If for any reason (other than default by a Lender) (a) any Borrowing of, or conversion to or continuation of, a LIBOR Loan or Canadian BA Rate Loan does not occur on the date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn), (b) any repayment or conversion of a LIBOR Loan or Canadian BA Rate Loan occurs on a day other than the end of its Interest Period, (c) Borrowers fail to repay a LIBOR Loan or Canadian BA Rate Loan when required hereunder, or (d) a Lender (other than a Defaulting Lender) is required to assign a LIBOR Loan or Canadian BA Rate Loan prior to the end of its Interest Period pursuant to **Section 13.4**, then Borrowers shall pay to Agent its customary administrative charge and to each Lender all resulting losses and expenses, including loss of anticipated profits and any loss or expense arising from liquidation or redeployment of funds or from fees payable to terminate deposits of matching funds. Lenders shall not be required to purchase Dollar deposits in any interbank or offshore Dollar market to fund any LIBOR Loan or to issue or accept any Canadian Dollar banker's acceptances to fund any Canadian BA Rate Loan, but this Section shall apply as if each Lender had purchased such deposits or issued or accepted such banker's acceptances, as applicable.

3.10. Maximum Interest.

(a) Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law ("maximum rate"). If Agent or any Applicable Lender shall receive interest in an amount that exceeds the maximum rate, the excess interest shall be applied to the principal of the applicable Borrower Group Obligations or, if it exceeds such unpaid principal, refunded to Borrowers of the Borrower Group that funded such interest payment. In determining whether the interest contracted for, charged or received by Agent or a Lender exceeds the maximum rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

(b) Without limiting the generality of the foregoing provisions, if any provision of any of the Loan Documents would obligate Canadian Obligors to make any payment of interest with respect to the Canadian Obligations in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in the receipt of interest with respect to the Canadian Obligations at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)), then notwithstanding such provision, such amount or rates 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 the applicable recipient of interest with respect to the Canadian Obligations at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (i) first, by reducing the amount or rates of interest required to be paid to the applicable recipient under the Loan Documents; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the applicable recipient which would constitute interest with respect to the Canadian Obligations for purposes of Section 347 of the *Criminal Code* (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if the applicable recipient shall have received an amount in excess of the maximum permitted by that section of the *Criminal Code* (Canada), then Canadian Obligors shall be entitled, by notice in writing to Agent, to obtain reimbursement from the applicable recipient in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by the applicable recipient to the applicable Canadian Obligor. Any amount or rate of interest with respect to the Canadian Obligations referred to in this **Section 3.10(b)** shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Canadian Revolver Loans to Canadian Borrower remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be prorated over that period of time and otherwise be prorated over the period from the Closing Date to the date of Full Payment of the Canadian Obligations, and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

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## **SECTION 4. LOAN ADMINISTRATION**

### **4.1. Manner of Borrowing and Funding Revolver Loans.**

#### **4.1.1. Notice of Borrowing.**

(a) Whenever Borrowers within a Borrower Group desire funding of a Borrowing, Borrower Agent shall give Agent a Notice of Borrowing. Such notice must be received by Agent no later than (i) in the case of a Notice of Borrowing for U.S. Borrowers, 11:00 a.m. (A) on the Business Day of the requested funding date, in the case of U.S. Base Rate Loans, and (B) at least two Business Days prior to the requested funding date, in the case of LIBOR Loans or (ii) in the case of a Notice of Borrowing for Canadian Borrower, 11:00 a.m. (A) on the Business Day of the requested funding date, in the case of Canadian Base Rate Loans or Canadian Prime Rate Loans, and (B) at least three Business Days prior to the requested funding date, in the case of LIBOR Loans or Canadian BA Rate Loans. Notices received after 11:00 a.m. shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) the amount of the Borrowing, (B) the requested funding date (which must be a Business Day), (C) the Borrower Group Commitment under which such Borrowing is proposed to be made, (D) if the Borrowing is for U.S. Revolver Loans, whether the Borrowing is to be made as U.S. Base Rate Loans or LIBOR Loans and if the Borrowing is for Canadian Revolver Loans, whether the Borrowing is to be made as Canadian Base Rate Loans, Canadian Prime Rate Loans, LIBOR Loans or Canadian BA Rate Loans, (E) in the case of LIBOR Loans or Canadian BA Rate Loans, the duration of the applicable Interest Period (which shall be deemed to be 30 days if not specified) and (F) if the Borrowing is for Canadian Revolver Loans, whether such Borrowing is to be denominated in Dollars or Canadian Dollars.

(b) Unless payment is otherwise timely made by Borrowers within a Borrower Group, the becoming due of any Borrower Group Obligations of such Borrower Group (whether principal, interest, fees or other charges, including Extraordinary Expenses, LC Obligations, Cash Collateral and Secured Bank Product Obligations) shall be deemed to be a request for Revolver Loans under the Borrower Group Commitment of such Borrower Group on the due date, in the amount of such Borrower Group Obligations. The proceeds of such Revolver Loans shall be disbursed as direct payment of the relevant Borrower Group Obligation. In addition, Agent may, at its option, charge such Borrower Group Obligations against any operating, investment or other account of a Borrower within such Borrower Group maintained with Agent or any of its Affiliates or branches.

(c) If Borrowers within a Borrower Group maintain any disbursement account with Agent or any branch or Affiliate of Agent, then presentation for payment of any Payment Item when there are insufficient funds to cover it shall be deemed to be a request for a U.S. Base Rate Loan, Canadian Base Rate Loan or Canadian Prime Rate Loan, as applicable, under the Borrower Group Commitment of such Borrower Group on the date of such presentation, in the amount of the Payment Item. The proceeds of such Revolver Loan may be disbursed directly to the disbursement account.

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4.1.2. Fundings by Lenders. Each Applicable Lender shall timely honor its Borrower Group Commitment by funding its Pro Rata share of each Borrowing of Revolver Loans under such Borrower Group Commitment that is properly requested hereunder. Except for Borrowings to be made as Swingline Loans, Agent shall endeavor to notify the Applicable Lenders of each Notice of Borrowing (or deemed request for a Borrowing) by (a) in the case of a Notice of Borrowing for U.S. Borrowers, 12:00 noon on the proposed funding date for U.S. Base Rate Loans or by 3:00 p.m. at least two Business Days before any proposed funding of LIBOR Loans or (b) in the case of a Notice of Borrowing for Canadian Borrower, 12:00 noon on the proposed funding date for Canadian Base Rate Loans or Canadian Prime Rate Loans or by 3:00 p.m. at least three Business Days before any proposed funding of Canadian BA Rate Loans or LIBOR Loans. Each Applicable Lender shall fund to Agent such Applicable Lender's Pro Rata share of the Borrowing to the account specified by Agent in immediately available funds not later than 2:00 p.m. on the requested funding date, unless Agent's notice is received after the times provided above, in which case each Applicable Lender shall fund its Pro Rata share by 11:00 a.m. on the next Business Day. Subject to its receipt of such amounts from Applicable Lenders, Agent shall disburse the proceeds of the Revolver Loans to Borrowers within such Borrower Group as directed by Borrower Agent. Unless Agent shall have received (in sufficient time to act) written notice from an Applicable Lender that it does not intend to fund its Pro Rata share of a Borrowing, Agent may assume that such Applicable Lender has deposited or promptly will deposit its share with Agent, and Agent may disburse a corresponding amount to Borrowers within such Borrower Group. If an Applicable Lender's share of any Borrowing or of any settlement pursuant to **Section 4.1.3(b)** is not received by Agent, then Borrowers within the Borrower Group agree to repay to Agent **on demand** the amount of such share, together with interest thereon from the date disbursed until repaid, at the rate applicable to the Borrowing.

#### **4.1.3. Swingline Loans; Settlement.**

(a) The Applicable Swingline Lender may, but shall not be obligated to, advance Swingline Loans to Borrowers out of the Applicable Swingline Lender's own funds, up to an aggregate outstanding amount of (i) with respect to Swingline Loans to U.S. Borrowers, the greater of \$4,000,000 or 10% of the Borrower Group Commitments to U.S. Borrowers or (ii) with respect to Swingline Loans to Canadian Borrower, the greater of \$1,000,000 or 10% of the Borrower Group Commitments to Canadian Borrower, unless the funding is specifically required to be made by all Applicable Lenders hereunder. Each Swingline Loan shall constitute a Revolver Loan for all purposes, except that payments thereon shall be made to the Applicable Swingline Lender for its own account. The obligation of Borrowers to repay Swingline Loans shall be evidenced by the records of the Applicable Swingline Lender and need not be evidenced by any promissory note.

(b) Settlement of Swingline Loans and other Revolver Loans among Lenders and Agent shall take place on a date determined from time to time by Agent (but at least weekly), in accordance with the Settlement Report delivered by Agent to the Applicable Lenders. Between settlement dates, Agent may in its discretion apply payments on Revolver Loans of a Borrower Group to Swingline Loans of such Borrower Group, regardless of any designation by any Borrower or any provision herein to the contrary. Each Applicable Lender's obligation to make settlements with Agent is absolute and unconditional, without offset, counterclaim or other defense, and whether or not the Commitments have terminated, an Overadvance exists or the conditions in **Section 6** are satisfied. If, due to an Insolvency Proceeding with respect to a Borrower or otherwise, any Swingline Loan may not be settled among the Applicable Lenders hereunder, then each Applicable Lender shall be deemed to have purchased from Agent a Pro

4.1.4. Notices. Borrowers may request, convert or continue Loans, select interest rates and transfer funds based on telephonic or e-mailed instructions to Agent. Borrowers shall confirm each such request by prompt delivery to Agent of a Notice of Borrowing or Notice of Conversion/Continuation, if applicable, but if it differs materially from the action taken by Agent or the Applicable Lenders, the records of Agent and the Applicable Lenders shall govern. Neither Agent nor any Lender shall have any liability for any loss suffered by a Borrower as a result of Agent or any Lender acting upon its understanding of telephonic or e-mailed instructions from a person believed in good faith by such Credit Party to be a person authorized to give such instructions on a Borrower's behalf.

**4.2. Defaulting Lender.** Notwithstanding anything herein to the contrary:

4.2.1. Reallocation of Pro Rata Share; Amendments. For purposes of determining the Applicable Lenders' obligations or rights to fund, participate in or receive collections with respect to Loans or Letters of Credit (including existing Swingline Loans, Protective Advances and LC Obligations) of a Borrower Group, Agent may in its discretion reallocate Pro Rata shares by excluding a Defaulting Lender's Commitments and Loans from the calculation of shares. A Defaulting Lender shall have no right to vote on any amendment, waiver or other modification of a Loan Document, except as provided in **Section 14.1.1(c)**.

4.2.2. Payments; Fees. Agent may, in its discretion, receive and retain any amounts payable to an Applicable Defaulting Lender under the Loan Documents, and an Applicable Defaulting Lender shall be deemed to have assigned to Agent such amounts until all Borrower Group Obligations owing to Agent, non-Applicable Defaulting Lenders and other Secured Parties have been paid in full. Agent may apply such amounts to the Applicable Defaulting Lender's defaulted obligations, use the funds to Cash Collateralize such Lender's Fronting Exposure, or readvance the amounts to Borrowers within the applicable Borrower Group hereunder. A Lender shall not be entitled to receive any fees accruing hereunder during the period in which it is a Defaulting Lender, and the unfunded portion of its Commitment shall be disregarded for purposes of calculating the unused line fee under **Section 3.2.1**. If any LC Obligations owing to an Applicable Defaulting Lender are reallocated to other Applicable Lenders, fees attributable to such LC Obligations under **Section 3.2.2** shall be paid to such Applicable Lenders. Agent shall be paid all fees attributable to LC Obligations that are not reallocated.

4.2.3. Status; Cure. Agent may determine in its discretion that an Applicable Lender constitutes an Applicable Defaulting Lender and the effective date of such status shall be conclusive and binding on all parties, absent manifest error. Borrowers, Agent and Issuing Banks may agree in writing that an Applicable Lender has ceased to be an Applicable Defaulting Lender, whereupon Pro Rata shares shall be reallocated without exclusion of the reinstated Applicable Lender's Commitments and Loans, and the U.S. Revolver Usage, Canadian Revolver Usage and other exposures under the Commitments shall be reallocated among the Applicable Lenders and settled by Agent (with appropriate payments by the reinstated Applicable Lender, including its payment of breakage costs for reallocated LIBOR Loans) in accordance with the readjusted Pro Rata shares of the Applicable Lenders. Unless expressly agreed by Borrowers, Agent and Issuing Banks, or as expressly provided herein with respect to Bail-In Actions and related matters, no reallocation of Commitments and Loans to non-Defaulting Lenders or reinstatement of a Defaulting Lender shall constitute a waiver or release of claims against such Lender. The failure of any Lender to fund a Loan, to make a payment in respect of LC Obligations or otherwise to perform its obligations hereunder shall not relieve any other Lender of its obligations under any Loan Document. No Lender shall be responsible for default by another Lender.

4.3. Number and Amount of LIBOR Loans and Canadian BA Rate Loans; Determination of Rate. Each Borrowing of LIBOR Loans when made shall be in a minimum amount of \$5,000,000, plus any increment of \$1,000,000 in excess thereof. Each Borrowing of Canadian BA Rate Loans when made shall be in a minimum amount of Cdn \$500,000, plus any increment of Cdn \$500,000 in excess thereof. No more than 5 Borrowings by U.S. Borrowers of LIBOR Loans and 5 Borrowings by Canadian Borrower of LIBOR Loans or Canadian BA Rate Loans may be outstanding at any time, and all LIBOR Loans or Canadian BA Rate Loans, as applicable, having the same length and beginning date of their Interest Periods shall be aggregated together and considered one Borrowing for this purpose. Upon determining LIBOR or the Canadian BA Rate for any Interest Period requested by Borrowers of a Borrower Group, Agent shall promptly notify Borrowers within such Borrower Group thereof by telephone or electronically and, if requested by Borrowers, shall confirm any telephonic notice in writing.

4.4. Borrower Agent. Each Borrower hereby designates Holdings ("Borrower Agent") as its representative and agent for all purposes under the Loan Documents, including requests for Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications, preparation and delivery of Borrowing Base and financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Agent, any Issuing Bank or any Lender. Borrower Agent hereby accepts such appointment. Agent, Issuing Banks and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by Borrower Agent on behalf of any Borrower. Agent, Issuing Banks and Lenders may give any notice or communication with a Borrower hereunder to Borrower Agent on behalf of such Borrower. Each of Agent, Issuing Banks and Lenders shall have the right, in its discretion, to deal exclusively with Borrower Agent for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Borrower Agent shall be binding upon and enforceable against it. Borrowers may, at any time, select a Borrower other than Holdings to be Borrower Agent by sending Agent written notice of their intent to designate a Borrower other than Holdings as Borrower Agent which selection shall be effective upon Agent's confirmation of its receipt of such notice.

4.5. One Obligation. The Loans, LC Obligations and other Borrower Group Obligations owing by each Borrower Group shall constitute one general obligation of Borrowers within such Borrower Group and (unless otherwise expressly provided in any Loan Document) and shall be secured by Agent's Lien on all Collateral of each member of such Borrower Group and, in the case of Borrower Group Obligations of Canadian Obligors, secured by Agent's Lien upon all U.S. Collateral; provided, however, that each Credit Party shall be deemed to be a creditor of, and the holder of a separate claim against, each Borrower to the extent of any Obligations jointly or severally owed by such Borrower to such Credit Party.

4.6. Effect of Termination. On the effective date of the termination of all Commitments, the Obligations shall be immediately due and payable, and any Lender may terminate its and its Affiliates' or branches' Bank Products (including, only with the consent of Agent, any Cash Management Services). Until Full Payment of the Obligations, all undertakings of Borrowers contained in the Loan Documents shall continue, and Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents. Agent shall not be required to terminate its Liens unless it receives Cash Collateral or a written agreement, in each case satisfactory to it, protecting Agent and Lenders from the dishonor or return of any Payment Items previously applied to the Obligations. **Sections 2.3, 3.4, 3.6, 3.7, 3.9, 5.5, 5.9, 5.10, 12, 14.2, this Section 4.6,** and each indemnity or waiver given by an Obligor or Lender in any Loan Document, shall survive Full Payment of the Obligations.

## SECTION 5. PAYMENTS

5.1. General Payment Provisions. All payments of Borrower Group Obligations shall be made, without offset, counterclaim or defense of any kind, free of (and without deduction for) any Taxes, and in immediately available funds, not later than 1:00 p.m. on the due date. Any payment after such time shall be deemed made on the next Business Day. If any payment under the Loan Documents shall be stated to be due on a day other than a Business Day, the due date shall be extended to the next Business Day and such extension of time shall be included in any computation of interest and fees. All payments with respect to any U.S. Direct Obligations shall be made in

Dollars and all payments with respect to any Canadian Obligations shall be made in Canadian Dollars or, if any portion of such Canadian Obligations is denominated in a currency other than Canadian Dollars, then in such other currency. Any payment of a LIBOR Loan or a Canadian BA Rate Loan prior to the end of its Interest Period shall be accompanied by all amounts due under **Section 3.9**. Borrowers agree that Agent shall have the continuing, exclusive right to apply and reapply a Borrower Group's payments and proceeds of Collateral for such Borrower Group's Obligations against such Borrower Group's Obligations, in such manner as Agent deems advisable, but whenever possible, any prepayment of Loans shall be applied first to Base Rate Loans and Canadian Prime Rate Loans and then to LIBOR Loans or Canadian BA Rate Loans, as applicable.

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**5.2. Repayment of Revolver Loans.** Revolver Loans shall be due and payable in full on the Revolver Termination Date, unless payment is sooner required hereunder. Revolver Loans may be prepaid from time to time, without penalty or premium. If any Asset Disposition by a member of a Borrower Group includes the disposition of Accounts or Inventory, then Net Proceeds equal to the greater of (a) the net book value of such Accounts and Inventory, or (b) the reduction in the Canadian Borrowing Base or U.S. Borrowing Base, as applicable, upon giving effect to such disposition, shall be applied to the Revolver Loans of such Borrower Group. Notwithstanding anything herein to the contrary, if an Overadvance with respect to the Borrowing Base of a Borrower Group exists, Borrowers of such Borrower Group shall, on the sooner of Agent's demand or the first Business Day after any Borrower has knowledge thereof, repay the outstanding Revolver Loans of such Borrower Group in an amount sufficient to reduce Revolver Usage of such Borrower Group to the Borrowing Base of such Borrower Group.

**5.3. Intentionally omitted.**

**5.4. Payment of Other Obligations.** Obligations of a Borrower Group other than Loans, including LC Obligations and Extraordinary Expenses, shall be paid by Borrowers of such Borrower Group as provided in the Loan Documents or, if no payment date is specified, **on demand**.

**5.5. Marshaling: Payments Set Aside.** None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of Borrowers is made to Agent, any Issuing Bank or any Lender, or Agent, any Issuing Bank or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent, such Issuing Bank or such Lender in its discretion) to be repaid to a Creditor Representative or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

**5.6. Application and Allocation of Payments.**

5.6.1. Application. Payments made by a Borrower Group hereunder shall be applied (a) first, as specifically required hereby; (b) second, to Borrower Group Obligations of such Borrower Group then due and owing; (c) third, to other Obligations specified by such Borrower Group; and (d) fourth, as determined by Agent in its discretion.

5.6.2. Post-Default Allocation. Notwithstanding anything in any Loan Document to the contrary, during an Event of Default: (a) monies to be applied to the Borrower Group Obligations of U.S. Obligors, whether arising from payments by U.S. Obligors, realization on U.S. Collateral, setoff or otherwise with respect to U.S. Obligors, shall be allocated as follows:

- (i) first, to all costs and expenses, including Extraordinary Expenses, owing to Agent from U.S. Obligors;

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- (ii) second, to all amounts owing to the Applicable Swingline Lender on Swingline Loans to U.S. Borrowers;
- (iii) third, to all amounts owing to the Applicable Issuing Bank with respect to U.S. LC Obligations;
- (iv) fourth, to all U.S. Direct Obligations constituting fees (other than Secured Bank Product Obligations with respect to U.S. Borrowers);
- (v) fifth, to all U.S. Direct Obligations constituting interest (other than Secured Bank Product Obligations with respect to U.S. Borrowers);
- (vi) sixth, to Cash Collateralization of U.S. LC Obligations;
- (vii) seventh, to all U.S. Revolver Loans and to Secured Bank Product Obligations of U.S. Borrowers arising under Hedge Agreements (including Cash Collateralization thereof) up to the amount of Reserves existing therefor;
- (viii) eighth, to all remaining U.S. Direct Obligations (other than Secured Bank Product Obligations of U.S. Borrowers);
- (ix) ninth, to all other Secured Bank Product Obligations of U.S. Borrowers; and
- (x) last, to all remaining Borrower Group Obligations of U.S. Obligors in the order provided in clause (b) of this Section.

(b) monies to be applied to the Borrower Group Obligations of Canadian Obligors, whether arising from payments by Canadian Obligors, realization on Canadian Collateral, setoff or otherwise with respect to Canadian Obligors, shall be allocated as follows:

- (i) first, to all costs and expenses, including Extraordinary Expenses, owing to Agent from Canadian Obligors;
- (ii) second, to all amounts owing to the Applicable Swingline Lender on Swingline Loans to Canadian Borrower;
- (iii) third, to all amounts owing to the Applicable Issuing Bank with respect to Canadian LC Obligations;
- (iv) fourth, to all Canadian Obligations constituting fees (other than Secured Bank Product Obligations with respect to Canadian Obligors);
- (v) fifth, to all Canadian Obligations constituting interest (other than Secured Bank Product Obligations with respect to Canadian Obligors);
- (vi) sixth, to Cash Collateralization of Canadian LC Obligations;
- (vii) seventh, to all Canadian Revolver Loans and to Secured Bank Product Obligations of Canadian Borrower arising under Hedge Agreements (including

- (viii) eighth, to all remaining Canadian Obligations (other than Secured Bank Product Obligations of Canadian Obligors); and

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- (ix) last, to all other Secured Bank Product Obligations of Canadian Obligors.

Amounts shall be applied to payment of each category of Borrower Group Obligations only after Full Payment of all preceding categories. If amounts are insufficient to satisfy a category, Borrower Group Obligations in the category shall be paid on a pro rata basis. Amounts distributed with respect to any Secured Bank Product Obligations shall be calculated using the methodology reported to Agent for such Obligation (but no greater than the maximum amount reported to Agent). Agent shall have no obligation to calculate the amount of any Secured Bank Product Obligations and may request a reasonably detailed calculation thereof from the applicable Secured Bank Product Provider. If the provider fails to deliver the calculation within five days following request, Agent may assume the amount is zero. The allocations set forth in this Section are solely to determine the rights and priorities among Secured Parties, and may be changed by agreement among them without the consent of any Obligor. This Section is not for the benefit of or enforceable by any Obligor, and each Borrower irrevocably waives the right to direct the application of any payments or Collateral proceeds subject to this Section.

5.6.3. Erroneous Application. Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by any Lender, such Lender hereby agrees to return it).

5.7. Dominion Accounts. The ledger balance in the main Dominion Account of the Canadian Obligors as of the end of a Business Day shall be applied to the Canadian Obligations at the beginning of the next Business Day, during any Trigger Period. The ledger balance in the main Dominion Account of the U.S. Borrowers as of the end of a Business Day shall be applied to the U.S. Direct Obligations at the beginning of the next Business Day, during any Trigger Period. If, as a result of such application, a credit balance exists, the balance shall not accrue interest in favor of Borrowers and shall be made available to Borrowers of the applicable Borrower Group as long as no Default or Event of Default exists.

5.8. Account Stated. Agent shall maintain in accordance with its usual and customary practices account(s) evidencing the Debt of Borrowers within each Borrower Group hereunder. Any failure of Agent to record anything in a loan account, or any error in doing so, shall not limit or otherwise affect the obligation of Borrowers to pay any amount owing hereunder. Entries made in a loan account shall constitute presumptive evidence of the information contained therein. If any information contained in a loan account is provided to or inspected by any Person, the information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies Agent in writing within 30 days after receipt or inspection that specific information is subject to dispute.

5.9. Taxes.

5.9.1. Payments Free of Taxes; Obligation to Withhold; Tax Payment.

(a) All payments of Obligations by Obligors shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If Applicable Law (as determined by Agent in its discretion) requires the deduction or withholding of any Tax from any such payment by Agent or an Obligor, then Agent or such Obligor shall be entitled to make such deduction or withholding based on information and documentation provided pursuant to **Section 5.10**.

(b) If Agent or any Obligor is required by the Code to withhold or deduct Taxes, including backup withholding and withholding taxes, from any payment, then (i) Agent shall pay the full amount that it determines is to be withheld or deducted to the relevant Governmental Authority pursuant to the Code, and (ii) to the extent the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Obligor shall be increased as necessary so that the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

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(c) If Agent or any Obligor is required by any Applicable Law other than the Code to withhold or deduct Taxes from any payment, then (i) Agent or such Obligor, to the extent required by Applicable Law, shall timely pay the full amount to be withheld or deducted to the relevant Governmental Authority, and (ii) to the extent the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Obligor shall be increased as necessary so that the Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

5.9.2. Payment of Other Taxes. Without limiting the foregoing, Borrowers shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at Agent's option, timely reimburse Agent for payment of, any Other Taxes.

5.9.3. Tax Indemnification.

(a) Each Borrower shall indemnify and hold harmless, on a joint and several basis, each Recipient against any Indemnified Taxes (including those imposed or asserted on or attributable to amounts payable under this Section) payable or paid by a Recipient or required to be withheld or deducted from a payment to a Recipient, 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. Each Borrower shall indemnify and hold harmless Agent against any amount that a Lender or Issuing Bank fails for any reason to pay indefeasibly to Agent as required pursuant to this Section. Each Borrower shall make payment within 10 days after demand for any amount or liability payable under this Section. A certificate as to the amount of such payment or liability delivered to Borrowers by a Lender or Issuing Bank (with a copy to Agent), or by Agent on its own behalf or on behalf of any Recipient, shall be conclusive absent manifest error.

(b) Each Lender and Issuing Bank shall indemnify and hold harmless, on a several basis, (i) Agent against any Indemnified Taxes attributable to such Lender or Issuing Bank (but only to the extent Borrowers have not already paid or reimbursed Agent therefor and without limiting Borrowers' obligation to do so), (ii) Agent and Obligors, as applicable, against any Taxes attributable to such Lender's failure to maintain a Participant register as required hereunder, and (iii) Agent and Obligors, as applicable, against any Excluded Taxes attributable to such Lender or Issuing Bank, in each case, that are payable or paid by Agent or an Obligor in connection with any Obligations, and any 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. Each Lender and Issuing Bank shall make payment within 10 days after demand for any amount or liability payable under this Section. A certificate as to the amount of such payment or liability delivered to any Lender or Issuing Bank by Agent shall be conclusive absent manifest error.

5.9.4. Evidence of Payments. As soon as practicable after payment by an Obligor of any Taxes pursuant to this Section, Borrower Agent shall deliver to Agent the original or a certified copy of a receipt issued by the appropriate Governmental Authority evidencing the payment, a copy of any return required by Applicable Law to report the payment or other evidence of payment reasonably satisfactory to Agent.



5.9.5. Treatment of Certain Refunds Unless required by Applicable Law, at no time shall Agent have any obligation to file for or otherwise pursue on behalf of a Lender or Issuing Bank, nor have any obligation to pay to any Lender or Issuing Bank, any refund of Taxes withheld or deducted from funds paid for the account of a Lender or Issuing Bank. If a Recipient determines in its discretion that it has received a refund of Taxes that were indemnified by Borrowers or with respect to which a Borrower paid additional amounts pursuant to this Section, it shall pay the amount of such refund to Borrowers (but only to the extent of indemnity payments or additional amounts actually paid by Borrowers with respect to the Taxes giving rise to the refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund). Borrowers shall, upon request by the Recipient, repay to the Recipient such amount paid over to Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) if the Recipient is required to repay such refund to the Governmental Authority. Notwithstanding anything herein to the contrary, no Recipient shall be required to pay any amount to Borrowers if such payment would place it in a less favorable net after-Tax position than it would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. In no event shall Agent or any Recipient be required to make its tax returns (or any other information relating to its taxes that it deems confidential) available to any Obligor or other Person.

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5.9.6. Survival. Each party's obligations under Sections 5.9 and 5.10 shall survive the resignation or replacement of Agent or any assignment of rights by or replacement of a Lender or Issuing Bank, the termination of the Commitments, and the repayment, satisfaction, discharge or Full Payment of any Obligations.

#### **5.10. Lender Tax Information.**

5.10.1. Status of Lenders. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments of Obligations shall deliver to Borrowers and Agent properly completed and executed documentation reasonably requested by Borrowers or Agent as will permit such payments to be made without or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Borrowers or Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Borrowers or Agent to enable them to determine whether such Lender is subject to backup withholding or information reporting requirements. Notwithstanding the foregoing, such documentation (other than documentation described in Sections 5.10.2(a), (b) and (d)) shall not be required if a Lender reasonably believes delivery of the documentation would subject it to any material unreimbursed cost or expense or would materially prejudice its legal or commercial position.

5.10.2. Documentation. Without limiting the foregoing, if any Borrower is a U.S. Person,

(a) Any Lender that is a U.S. Person shall deliver to Borrowers and Agent on or prior to the date on which such Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of Borrowers or Agent), executed copies of IRS Form W-9, certifying that such Lender is exempt from U.S. federal backup withholding Tax;

(b) Any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request of Borrowers or Agent), whichever of the following is applicable:

(i) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party, (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BENE establishing an exemption from or reduction of U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty, and (y) with respect to other payments under the Loan Documents, IRS Form W-8BENE establishing an exemption from or reduction of U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

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(ii) executed copies of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate in form satisfactory to Agent to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of a Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (" U.S. Tax Compliance Certificate"), and (y) executed copies of IRS Form W-8BENE; or

(iv) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BENE, a U.S. Tax Compliance Certificate in form satisfactory to Agent, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more of its direct or indirect partners is claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such partner;

(c) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrowers and Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and from time to time thereafter upon reasonable request), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit Borrowers or Agent to determine the withholding or deduction required to be made; and

(d) if payment of an Obligation to a Lender would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code), such Lender shall deliver to Borrowers and Agent, at the time(s) prescribed by law and otherwise upon reasonable request, such documentation prescribed by Applicable Law (including Section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be appropriate for Borrowers or Agent to comply with their obligations under FATCA and to determine that such Lender has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (d), "FATCA" shall include any amendments made to FATCA after the date hereof.

5.10.3. Lender Obligations. Each Lender and each Issuing Bank shall promptly notify Borrowers and Agent of any change in circumstances that would change any claimed Tax exemption or reduction. Each such Lender and each such Issuing Bank shall indemnify, hold harmless and reimburse (within 10 days after demand therefor) Borrowers and Agent for any Taxes, losses, claims, liabilities, penalties, interest and expenses (including reasonable attorneys' fees) incurred by or asserted against a Borrower or Agent by any Governmental Authority due to such Lender's or such Issuing Bank's failure to deliver, or inaccuracy or deficiency in, any documentation required to be delivered by it pursuant to this Section. Each Lender and each Issuing Bank authorizes Agent to set off any amounts due to Agent under this Section against any amounts payable to such Lender or Issuing Bank under any Loan Document.

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## 5.11. Nature and Extent of Each Obligors' Liability.

5.11.1. Joint and Several Liability of U.S. Borrowers. Each U.S. Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to Agent and the Applicable Lenders the prompt payment and performance of, all Borrower Group Obligations of U.S. Borrowers, except its Excluded Swap Obligations. Each U.S. Borrower agrees that its guaranty obligations hereunder constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until Full Payment of the Borrower Group Obligations of U.S. Borrowers, and that such obligations are absolute and unconditional, irrespective of (a) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any Obligations or Loan Document, or any other document, instrument or agreement to which any Obligor is or may become a party or be bound; (b) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto; (c) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for the Obligations or any action, or the absence of any action, by Agent or any Lender in respect thereof (including the release of any security or guaranty); (d) the insolvency of any Obligor; (e) any election by Agent or any Lender in an Insolvency Proceeding for the application of Section 111(b)(2) of the Bankruptcy Code or similar provision of other Applicable Law; (f) any borrowing or grant of a Lien by any other Borrower, as debtor-in-possession under Section 364 of the Bankruptcy Code or similar provision of other Applicable Law or otherwise; (g) the disallowance of any claims of Agent or any Lender against any Obligor for the repayment of any Obligations under Section 502 of the Bankruptcy Code or similar provision of other Applicable Law or otherwise; or (h) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Full Payment of all Borrower Group Obligations of U.S. Borrowers.

### 5.11.2. Waivers.

(a) Each Obligor expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Agent or Lenders to marshal assets or to proceed against any Obligor, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Obligor. Each Obligor waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of all Obligations and waives, to the maximum extent permitted by law, any right to revoke any guaranty of any Obligations as long as it is an Obligor. It is agreed among each Obligor, Agent and Lenders that the provisions of this **Section 5.11** are of the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Agent and Lenders would decline to make Loans and issue Letters of Credit. Each Obligor acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Agent and Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral by judicial foreclosure or nonjudicial sale or enforcement, without affecting any rights and remedies under this **Section 5.11**. If, in taking any action in connection with the exercise of any rights or remedies, Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Obligor or other Person, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, each Obligor consents to such action and waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any Obligor might otherwise have had. Any election of remedies that results in denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Obligor shall not impair any other Obligor's obligation to pay the full amount of the Obligations. Each Obligor waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Obligor's rights of subrogation against any other Person. Agent may bid all or a portion of the Obligations at any foreclosure, trustee or other sale, including any private sale, and the amount of such bid need not be paid by Agent but shall be credited against the applicable Borrower Group Obligations. The amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Borrower Group Obligations of such Borrower Group shall be conclusively deemed to be the amount of the Obligations guaranteed under this **Section 5.11**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

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### 5.11.3. Extent of Liability; Contribution

(a) Notwithstanding anything herein to the contrary, each U.S. Borrower's liability under this **Section 5.11** shall be limited to the greater of (i) all amounts for which such U.S. Borrower is primarily liable, as described below, and (ii) such U.S. Borrower's Allocable Amount.

(b) If any U.S. Borrower makes a payment under this **Section 5.11** of any Borrower Group Obligations (other than amounts for which such U.S. Borrower is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments previously or concurrently made by any other U.S. Borrower, exceeds the amount that such U.S. Borrower would otherwise have paid if each U.S. Borrower had paid the aggregate Borrower Group Obligations satisfied by such Guarantor Payments in the same proportion that such U.S. Borrower's Allocable Amount bore to the total Allocable Amounts of all U.S. Borrowers, then such U.S. Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other U.S. Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "Allocable Amount" for any U.S. Borrower shall be the maximum amount that could then be recovered from such U.S. Borrower under this **Section 5.11** without rendering such payment voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or other Applicable Law.

(c) Nothing contained in this **Section 5.11** shall limit the liability of any Borrower to pay Loans made directly or indirectly to that Borrower (including Loans advanced to any other Borrower and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower), LC Obligations relating to Letters of Credit issued to support such Borrower's business, and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder. Agent and Lenders shall have the right, at any time in their discretion, to condition Loans and Letters of Credit upon a separate calculation of borrowing availability for each Borrower and to restrict the disbursement and use of such Loans and Letters of Credit to such Borrower.

(d) Each Obligor that is a Qualified ECP when its guaranty of or grant of Lien as security for a Swap Obligation becomes effective hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Obligor with respect to such Swap Obligation as may be needed by such Specified Obligor from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP's obligations and undertakings under this **Section 5.11** voidable under any applicable fraudulent transfer or conveyance act). The obligations and undertakings of each Qualified ECP under this Section shall remain in full force and effect until Full Payment of the Obligations. Each Obligor intends this Section to constitute, and this Section shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support or other agreement" for the benefit of, each Obligor for all purposes of the Commodity Exchange Act.

5.11.4. Joint Enterprise. Each Obligor within a Borrower Group has requested that Agent and Lenders make this credit facility available to such Obligors on a combined basis, in order to finance such Obligors' business most efficiently and economically. Such Obligors' business is a mutual and collective enterprise, and the successful operation of each Obligor is dependent upon the successful performance of the integrated group. Obligors believe that consolidation of their credit facility will enhance the borrowing power of each such Borrower and ease administration of the facility, all to their mutual advantage of such Obligors. Such Obligors acknowledge and agree that Agent's and Lenders' willingness to extend credit to such Obligors and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to such Obligors and at such Obligors' request.

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5.11.5. Subordination. Each Obligor within a Borrower Group hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Obligor in the same Borrower Group, and any successor or assign of any other Obligor, including any Creditor Representative or debtor-in-possession, howsoever arising, due or owing or whether heretofore, now or hereafter existing, to the Full Payment of all of its Borrower Group Obligations.

**5.12. Currency Matters**. Dollars are the currency of account and payment for each and every sum at any time due from the Obligors hereunder, provided, that, unless otherwise provided in this Agreement or any other Loan Document or otherwise agreed to by Agent:

5.12.1. Each repayment of a Revolver Loan or LC Obligation or a part thereof shall be made in the currency in which such Revolver Loan or LC obligation is denominated at the time of that repayment;

5.12.2. Each payment of interest shall be made in the currency in which the principal or other sum in respect of which interest is denominated;

5.12.3. Each payment of fees by a U.S. Borrower pursuant to **Section 3.2** shall be in Dollars;

5.12.4. Each payment of fees by Canadian Borrower pursuant to **Section 3.2** shall be in Canadian Dollars (or, in the case of Letter of Credit fees payable in respect of Letters of Credit denominated in Dollars, such fees shall be payable in Dollars);

5.12.5. Each payment in respect of Extraordinary Expenses and any other costs, expenses and indemnities shall be made in the currency in which the same were incurred by the party to whom payment is to be made; and

5.12.6. Any amount expressed to be payable in Canadian Dollars shall be paid in Canadian Dollars.

No payment to any Credit Party (whether under any judgment or court order or otherwise) shall discharge the obligation or liability of the Obligor in respect of which it was made unless and until such Credit Party shall have received payment in full in the currency in which such obligation or liability is payable pursuant to the above provisions of this **Section 5.12**. To the extent that the amount of any such payment shall, on actual conversion into such currency, fall short of such obligation or liability actual or contingent expressed in that currency, such Obligor (together with the other Obligors within its Borrower Group) agrees to indemnify and hold harmless such Credit Party, with respect to the amount of the shortfall with respect to amounts payable by such Obligor hereunder, with such indemnity surviving the termination of this Agreement and any legal proceeding, judgment or court order pursuant to which the original payment was made which resulted in the shortfall. To the extent that the amount of any such payment to a Credit Party shall, upon an actual conversion into such currency, exceed such obligation or liability, actual or contingent, expressed in that currency, such Credit Party shall return such excess to the members of the affected Borrower Group.

### **5.13. Currency Fluctuations**

5.13.1. Not later than 1:00 p.m. on the last Business Day of each calendar month or, in the event that the Spot Rate fluctuates in excess of ten percent (10%) during such calendar month, any other Business Day in the reasonable discretion of Agent (the "Calculation Date"), Agent shall reasonably determine the Spot Rate as of such date. The Spot Rate so determined shall become effective on the first Business Day immediately following such determination (a "Reset Date") and shall remain effective until the next succeeding Reset Date. Nothing contained in this **Section 5.13** shall be construed to require Agent to calculate compliance under this **Section 5.13** more frequently than once each month.

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5.13.2. Not later than 4:00 p.m. on each Reset Date, Agent shall determine the Dollar Equivalent of the Canadian Revolver Exposure.

5.13.3. If, on any Reset Date, the Total Revolver Exposure exceeds the total amount of any Borrower Group Commitments on such date or the Canadian Revolver Exposure on such date exceeds the Dollar Equivalent of the Canadian Facility Amount on such date (the amount of any such excess referred to herein as the "Excess Amount") then (i) Agent shall give notice thereof to Borrowers and Lenders and (ii) within 1 Business Day thereafter, Borrowers shall cause such excess to be eliminated, either by repayment of the Revolver Loans or depositing of Cash Collateral with Agent with respect to LC Obligations and until such Excess Amount is repaid, Lenders shall not have any obligation to make any Loans.

## **SECTION 6. CONDITIONS PRECEDENT**

**6.1. Conditions Precedent to Initial Loans**. This Agreement shall become effective on the date ("Closing Date") on which each of the following conditions has been satisfied or, in Agent's discretion, waived in writing:

(a) Each Loan Document, including the Fourth Amendment to Intercreditor Agreement, shall have been duly executed and delivered to Agent by each of the signatories thereto, and each Obligor shall be in compliance with all terms thereof.

(b) Agent shall have received acknowledgments of all filings or recordings necessary to perfect its Liens in the Collateral, as well as UCC, PPSA and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral of such Borrower Group, except Permitted Liens.

(c) Agent shall have received duly executed agreements establishing each Dominion Account and related lockbox, in form and substance, and with financial institutions, satisfactory to Agent.

(d) Agent shall have received certificates, in form and substance satisfactory to it, from a knowledgeable Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of each Borrower certifying that, after giving effect to the initial Loans and transactions hereunder, (i) no Default or Event of Default exists; (ii) except for representations and warranties that expressly relate to an earlier date, the representations and warranties set forth in **Section 9** are true, correct and complete; and (iii) such Borrower has complied with all agreements and conditions to be satisfied by it under the Loan Documents.

(e) Agent shall have received a certificate of a duly authorized officer of each Obligor, certifying (i) the Organic Documents of such Obligor that were delivered on the date referenced in such certificate remain, as of the Closing Date, true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents. Agent may conclusively rely on this certificate until it is otherwise notified by the applicable Obligor in writing.

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(f) Subject to **Section 7.6(b)**, Agent shall have received written opinions of Kane Kessler, P.C., Blake, Cassels & Graydon LLP, Garvey Schubert Barer and K&L Gates LLP, as well as any other local counsel to Obligor or Agent, in each case in form and substance satisfactory to Agent.

(g) Agent shall have received long form good standing certificates for each Obligor, issued by (i) the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization, (ii) the Secretary of State or other appropriate official in each jurisdiction set forth on **Schedule 6.1(g)** and (iii) the Secretary of State or other appropriate official in each other jurisdiction where the failure of such Obligor to be qualified could reasonably be expected to result in a Material Adverse Effect.

(h) Agent shall have received copies of policies or certificates of insurance for the insurance policies carried by Obligor and lender's loss payable and notice of cancellation endorsements, and a collateral assignment of business interruption insurance, as applicable, with respect to such policies, all in compliance with the Loan Documents.

(i) Agent shall have completed all due diligence required for compliance with the PATRIOT Act and other Applicable Law and all background checks.

(j) Borrowers shall have paid all fees and expenses to be paid to Agent and Lenders on the Closing Date.

(k) Agent shall have received a Borrowing Base Certificate prepared as of October 31, 2016. Upon giving effect to the initial funding of Loans and issuance of Letters of Credit, and the payment by Borrowers of all fees and expenses incurred in connection herewith as well as any payables stretched beyond their customary payment practices, Adjusted Availability shall be at least the Dollar Equivalent of \$25,000,000.

(l) Agent shall have received (i) interim financial statements for U.S. Borrowers as of September 30, 2016, which shall demonstrate that no Material Adverse Effect shall have occurred during the period covered by such interim financial statements, and (ii) all other financial and business information reasonably requested by Agent and consistent with information previously provided to Agent;

(m) Agent shall be satisfied with Obligor's corporate, capital and ownership structure and indebtedness (both before and after giving effect to the Transactions) and shall have received a solvency certificate and attachments from Obligor demonstrating that each Obligor is Solvent.

(n) The transactions contemplated by the Term Loan Debt Documents shall have been consummated on terms and subject to legal documentation reasonably satisfactory to Agent.

(o) Agent shall have received copies of the fully-executed Term Loan Debt Documents, certified by an officer of Safariland to be true, correct and complete, each of which shall be in form and substance acceptable to Agent.

(p) Agent shall have received (i) evidence satisfactory to Agent that Term Loan Agent has received original certificates (or collateral assignments of Equity Interests for Obligor that do not issue certificates) evidencing all issued and outstanding Equity Interests of each of the Obligor and all Subsidiaries owned directly by any Obligor (or, with respect to any Foreign Subsidiary or Canadian Subsidiary original certificates (or collateral assignments of Equity Interests for Obligor that do not issue certificates) evidencing 65% of the issued and outstanding voting Equity Interests of such Subsidiary and 100% of the issued and outstanding non-voting Equity Interests of such Subsidiary, as applicable) and any related stock or membership interest powers or other appropriate instruments of transfer executed in blank and (ii) with respect to any Obligor or other Subsidiary owned directly by an Obligor and that is a Canadian Subsidiary, original certificates (or collateral assignments of Equity Interests for Obligor that do not issue certificates) evidencing the remaining 35% of the issued and outstanding voting Equity Interests of such Subsidiary and any related stock or membership interest powers or other appropriate instruments of transfer executed in blank.

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(q) Obligor shall have redeemed all preferred Equity Interests of Obligor held by GSO (excluding, for the avoidance of doubt, the GSO Warrants (as defined in the Term Loan Agreement as in effect on the date hereof)) and paid all breakage fees and premiums associated therewith, in an amount not to exceed \$1,013,636.62.

(r) Agent shall have received and found satisfactory the Target A Documents, certified by a knowledgeable Senior Officer of Borrower Agent as being true, correct and complete as of the Closing Date; provided, that, if the Target A Documents change in any material respect between the Closing Date and the time of consummation of the Target A Acquisition, such new terms shall be otherwise reasonably acceptable to Agent and, in connection therewith, Obligor shall provide to Agent updated copies of the Target A Documents reflecting such changes.

**6.2. Conditions Precedent to All Credit Extensions.** Agent, Issuing Bank and Lenders shall not be required to fund any Loans, arrange for issuance of any Letters of Credit or grant any other accommodation to or for the benefit of Borrowers, unless the following conditions are satisfied:

(a) No Default or Event of Default shall exist at the time of, or result from, such funding, issuance or grant;

(b) The representations and warranties of each Obligor in the Loan Documents shall be true and correct in all material respects on the date of, and upon giving effect to, such funding, issuance or grant (except for representations and warranties that expressly relate to an earlier date);

(c) All conditions precedent in any other Loan Document shall be satisfied;

(d) No event shall have occurred or circumstance exist that has or could reasonably be expected to have a Material Adverse Effect;

(e) With respect to issuance of a Letter of Credit, the LC Conditions shall be satisfied;

(f) No request by the Canada Revenue Agency for payment pursuant to Section 224(1.1) or any successor section) of the *Income Tax Act* (Canada) or any comparable provision of any other taxing statute shall have been received by any Person in respect of such Borrower Group or its members; and

(g) There exists no fact or circumstance, including by reason of the application of any so-called "currency exchange" laws, rules or regulations (as in effect at the time of any proposed Borrowings hereunder by such Borrower Group) which could reasonably be expected to interfere with the ability of such Borrower Group or its members to satisfy any of their Borrower Group Obligations in full at such time as such Obligations become due and payable pursuant to the terms hereof.

Each request (or deemed request) by Borrowers for funding of a Loan, issuance of a Letter of Credit or grant of an accommodation shall constitute a representation by Borrowers that the foregoing conditions are satisfied on the date of such request and on the date of such funding, issuance or grant. As an additional condition to any funding, issuance or grant, Agent shall have received such other information, documents, instruments and agreements as it deems reasonably appropriate in connection therewith.

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## SECTION 7. COLLATERAL

**7.1. Grant of Security Interest.** (a) To secure the prompt payment and performance of all Obligations (including all Obligations of each U.S. Obligor pursuant to those Guaranties dated as of the Closing Date, from the U.S. Obligor guarantying the payment of the Canadian Obligations), each U.S. Obligor hereby grants to Agent, for the benefit of Secured Parties, and (b) to secure the prompt payment and performance of all Canadian Obligations, each Canadian Obligor hereby grants to Agent, for the benefit of the Secured Parties, a continuing security interest in and Lien upon all Property of such Obligor, including all of the following Property, whether now owned or hereafter acquired, and wherever located:

- (a) all Accounts;
- (b) all Chattel Paper, including electronic chattel paper;
- (c) all Commercial Tort Claims, including those shown on **Schedule 9.1.16**;
- (d) all Deposit Accounts;
- (e) all Documents;
- (f) all General Intangibles, including Intellectual Property;
- (g) all Goods, including Inventory, Equipment and fixtures;
- (h) all Instruments;
- (i) all Investment Property;
- (j) all Letter-of-Credit Rights;
- (k) all Supporting Obligations;

(l) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate or branch of Agent or a Lender, including any Cash Collateral;

(m) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral of such Obligor; and

(n) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

In addition to the foregoing, each U.S. Obligor party to the Existing Loan Agreement hereby ratifies, reaffirms, renews and continues its prior pledge and assignment of, and grant of a security interest in favor of Agent in all of the Collateral described in (and defined under) the Existing Loan Agreement.

### **7.2. Lien on Deposit Accounts; Cash Collateral.**

**7.2.1. Deposit Accounts.** To further secure the prompt payment and performance of all Obligations, each U.S. Obligor and each Canadian Obligor hereby grants to Agent a continuing security interest in and Lien upon all amounts credited to any Deposit Account of such Obligor, including any sums in any blocked or lockbox accounts or in any accounts into which such sums are swept. Each Obligor within a Borrower Group hereby authorizes and directs each bank or other depository to deliver to Agent, upon request, all balances in any Deposit Account maintained by such Obligor, without inquiry into the authority or right of Agent to make such request, within a Borrower Group with such depository for application to the Obligations of such Borrower Group then outstanding.

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**7.2.2. Cash Collateral.** Cash Collateral of a Borrower Group may be invested, at Agent's discretion (and with the consent of such Borrower Group, as long as no Event of Default exists), but Agent shall have no duty to do so, regardless of any agreement or course of dealing with any Borrower, and shall have no responsibility for any investment or loss. Each Obligor hereby grants to Agent, as security for the Obligations of such Obligor, a security interest in all Cash Collateral held from time to time as security for the Obligations of such Obligor and all proceeds thereof, whether held in a Cash Collateral Account or otherwise. Subject to **Section 5.6.2.**, Agent may apply Cash Collateral to the payment of any Obligations as they become due, in such order as Agent may elect. Each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent, and no Obligor or other Person shall have any right to any Cash Collateral of any Borrower Group, until Full Payment of all Obligations secured by such Cash Collateral.

### **7.3. [Reserved].**

### **7.4. Other Collateral.**

**7.4.1. Commercial Tort Claims.** Each U.S. Obligor shall promptly notify Agent in writing if any such Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than the Dollar Equivalent of \$400,000), shall promptly amend **Schedule 9.1.16** to include such claim, and shall take such actions as Agent deems appropriate to subject such claim to a duly perfected, first priority Lien in favor of Agent.

**7.4.2. Certain After-Acquired Collateral.** Each Obligor shall promptly notify Agent in writing if, after the Closing Date, such Obligor obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, Documents, Instruments, Intellectual Property, Investment Property or Letter-of-Credit Rights and, upon Agent's request, shall promptly take such actions as Agent deems appropriate to effect Agent's duly perfected Lien upon such Collateral having the priority set forth in the Intercreditor Agreement for such Collateral, including obtaining any appropriate possession, control agreement or Lien Waiver. If any Collateral is in the possession of a third party, at Agent's request, Obligor within the Borrower Group to which such Collateral relates shall obtain an acknowledgment that such third party holds the Collateral for the benefit of Agent.

**7.5. No Assumption of Liability.** The Lien on Collateral granted hereunder is given as security only and shall not subject Agent or any Lender to, or in any way modify, any obligation or liability of Borrowers relating to any Collateral.

#### **7.6. Further Assurances and Post Closing Covenants.**

(a) All Liens granted to Agent under the Loan Documents are for the benefit of Secured Parties. Promptly upon request, Obligors shall deliver such instruments and agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Obligor authorizes Agent to file any financing statement that describes the Collateral as "all assets" or "all personal property" of such Obligor, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect its Lien on any Collateral.

(b) On or before the date that is one hundred eighty (180) days after the Closing Date, deliver to Agent opinions of local counsel to Obligors, in each case in form and substance satisfactory to Agent, with respect to all Obligors incorporated or organized in the states of California, Florida or New Jersey on such date.

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(c) On or before the date that is ninety (90) days after the Closing Date (or such later date as Agent may consent to in writing in its discretion), deliver to Agent insurance endorsements in form and substance reasonably satisfactory to Agent for all insurance policies of each Obligor (i) showing Agent as lender's loss payee, (ii) requiring 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever, and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy.

(d) Unless a Permitted Note Transfer with respect thereto has occurred prior to the date that is one hundred eighty (180) days after the Closing Date, deliver to Agent a promissory note or intercompany debt agreement in form and substance reasonably satisfactory to Agent with respect to the Debt that is owed to Safariland or Med-Eng ULC, as the case may be, and permitted pursuant to **Section 10.2.1(t)(iv)** or **Section 10.2.1(t)(v)**, and pledge or collaterally assign to Agent such note or agreement as security for the Obligations having the priority set forth in the Intercreditor Agreement.

(e) On or before the date that is 75 days after the Closing Date, execute and deliver to Agent a pledge, in form and substance reasonably satisfactory to Agent, of 65% of the outstanding voting Equity Interests to secure the U.S. Direct Obligations of all first-tier Subsidiaries of U.S. Borrowers not previously pledged to Agent prior to the Closing Date; provided, that, in connection with the foregoing, Obligors shall (i) deliver to Agent any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank by a duly authorized officer of the applicable pledging Obligor, (ii) if requested by Agent in its discretion, deliver to Agent legal opinions relating to the matters described in this provision, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent, and (iii) take such other action as Agent in good faith deems necessary or appropriate to perfect Agent's security interest in such Equity Interests; provided, further, that such 75-day period shall be extended upon written notice by Borrower Agent to Agent for additional 30 day periods (not to exceed 90 days in the aggregate unless otherwise extended by Agent in writing in its discretion) in the event that Obligors are making good faith progress towards satisfying the requirements of this clause (e) as determined by Agent in its discretion.

(f) On or before the date that is thirty (30) days after the Closing Date (or such later date as Agent may consent to in writing in its discretion), deliver to Agent a Deposit Account Control Agreement for all Deposit Accounts of an Obligor located in the United States and maintained with Bank of America that are marked as collection, master collection, or depository accounts on **Schedule 8.5**.

**7.7. Excluded Collateral.** Notwithstanding **Sections 7.1** through **7.4**, the Collateral shall not include any Excluded Collateral.

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**7.8. ULC Limitation.** Notwithstanding any provisions to the contrary contained in this Agreement or any other Loan Document, as regards each applicable Obligor who is a registered and beneficial owner of Pledged ULC Shares such Obligor owns and will remain so until such time as such Pledged ULC Shares are fully and effectively transferred into the name of Agent or any other person on the books and records of such ULC. Nothing in this Agreement or any other Loan Document is intended to or shall constitute Agent or any person other than an Obligor to be a member or shareholder of any ULC until such time as written notice is given to the applicable Obligor and all further steps are taken so as to register Agent or other person as holder of the Pledged ULC Shares. The granting of the pledge and security interest pursuant to **Section 7.1** or in any other Loan Document does not make Agent a successor to any Obligor as a member or shareholder of any ULC, and neither Agent nor any of its respective successors or assigns hereunder shall be deemed to become a member or shareholder of any ULC by accepting this Agreement or any other Loan Document or exercising any right granted herein unless and until such time, if any, when Agent or any successor or assign expressly becomes a registered member or shareholder of any ULC. Each applicable Obligor shall be entitled to receive and retain for its own account any dividends or other distributions if any, in respect of the Collateral, and shall have the right to vote such Pledged ULC Shares and to control the direction, management and policies of the ULC issuing such Pledged ULC Shares to the same extent as such Obligor would if such Pledged ULC Shares were not pledged to Agent or to any other person pursuant hereto. To the extent any provision herein or in any other Loan Document would have the effect of constituting Agent to be a member or shareholder of any ULC prior to such time, such provision shall be severed herefrom and therefrom and ineffective with respect to the relevant Pledged ULC Shares without otherwise invalidating or rendering unenforceable this Agreement or any other Loan Document or invalidating or rendering unenforceable such provision insofar as it relates to Collateral other than Pledged ULC Shares. Notwithstanding anything herein or in any other Loan Document to the contrary (except to the extent, if any, that Agent or any of its successors or assigns hereafter expressly becomes a registered member or shareholder of any ULC), neither Agent nor any of its respective successors or assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any ULC. Except upon the exercise by Agent or other persons of rights to sell or otherwise dispose of Pledged ULC Shares or other remedies following the occurrence and during the continuance of an Event of Default, each applicable Obligor shall not cause or permit, or enable any ULC in which it holds Pledged ULC Shares to cause or permit, Agent to: (a) be registered as member or shareholder of such ULC; (b) have any notation entered in its favor in the share register of such ULC; (c) be held out as member or shareholder of such ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC by reason of Agent or other person holding a security interest in the Pledged ULC Shares; or (e) act as a member or shareholder of such ULC, or exercise any rights of a member or shareholder of such ULC, including the right to attend a meeting of such ULC or vote the shares of such ULC.

#### **SECTION 8. COLLATERAL ADMINISTRATION**

**8.1. Borrowing Base Certificates.** By the 15th day of each month, Borrowers shall deliver to Agent (and Agent shall promptly deliver same to the Applicable Lenders) a Borrowing Base Certificate prepared as of the close of business of the previous month, and at such other times as Agent may request; provided, however, that during any Trigger Period, the Borrowers shall be required to deliver to Agent (and Agent shall promptly deliver same to the Applicable Lenders) a Borrowing Base Certificate no later than each Wednesday which Borrowing Base Certificate shall be as of the prior Friday. All calculations of Availability, Adjusted Availability, Canadian Availability, Adjusted U.S. Availability and U.S. Availability in any Borrowing Base Certificate shall originally be made by Borrowers and certified by a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters, provided that Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of declines in value of any Collateral, due to collections received in a Dominion Account or otherwise; (b) to adjust advance rates in accordance with this Agreement to reflect changes in dilution, quality, mix and other factors affecting Collateral; and (c) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the U.S. Availability Reserve or the Canadian Availability Reserve. In no event shall the Borrowing Base (or the U.S. Borrowing Base or the Canadian Borrowing Base), Availability, Adjusted Availability, Canadian Availability, Adjusted U.S. Availability or U.S. Availability on any date be deemed to exceed the amounts shown on the Borrowing Base Certificate last received by Agent prior to such date, as the calculations in such Borrowing Base Certificate may be

## **8.2. Administration of Accounts.**

8.2.1. Records and Schedules of Accounts. Each Obligor shall keep accurate and complete records of its Accounts, including all payments and collections thereon, and shall submit to Agent sales, collection, reconciliation and other reports in form satisfactory to Agent, on such periodic basis as Agent may reasonably request. Each Obligor shall also provide to Agent, on or before the 15th day of each month, a detailed aged trial balance of all Accounts as of the end of the preceding month, specifying each Account's Account Debtor name and address, amount, invoice date and due date, showing any discount, allowance, credit, authorized return or dispute. If requested by Agent, each Obligor shall also provide to Agent proof of delivery, copies of invoices and invoice registers, copies of related documents, repayment histories, status reports and other information as Agent may reasonably request. If Accounts in an aggregate face amount of the Dollar Equivalent of \$500,000 or more cease to be Eligible Domestic Accounts or Eligible Foreign Accounts, as applicable, Obligors shall notify Agent of such occurrence promptly (and in any event within one Business Day) after any Obligor has knowledge thereof.

8.2.2. Taxes. If an Account of any Obligor includes a charge for any Taxes, Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of Borrower within the applicable Borrower Group to which such Obligor is a party and to charge such Borrowers therefor; provided, however, that neither Agent nor Lenders shall be liable for any Taxes that may be due from any Obligor or with respect to any Collateral.

8.2.3. Account Verification. Whether or not a Default or Event of Default exists, Agent shall have the right at any time, in the name of Agent, any designee of Agent or any Obligor, to verify the validity, amount or any other matter relating to any Accounts of Obligors by mail, telephone or otherwise, after giving no less than one (1) Business Days' notice thereof to Borrower Agent if no Default or Event of Default exists. Obligors shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

8.2.4. Maintenance of Dominion Account. Each Borrower Group shall maintain Dominion Accounts or other dominion arrangements pursuant to lockbox or other arrangements reasonably acceptable to Agent. Each Borrower Group shall obtain an agreement (in form and substance satisfactory to Agent) from each lockbox servicer and Dominion Account bank, establishing Agent's control over and Lien on the lockbox or Dominion Account, which may be exercised by Agent during any Trigger Period, requiring immediate deposit of all remittances received in the lockbox to a Dominion Account, and waiving offset rights of such servicer or bank, except for customary administrative charges. Agent and Lenders assume no responsibility to any Obligor for any lockbox arrangement or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.2.5. Proceeds of Collateral. Each Obligor within a Borrower Group shall request in writing and otherwise take all necessary steps to inform its Account Debtors that all payments on Accounts or otherwise relating to Collateral of such Borrower Group are made directly to a Dominion Account (or a lockbox relating to a Dominion Account) of such Borrower Group. If any Obligor within a Borrower Group receives cash or Payment Items with respect to any Collateral of such Borrower Group, it shall hold the same in trust for Agent and promptly (not later than the next Business Day) deposit same into a Dominion Account.

## **8.3. Administration of Inventory.**

8.3.1. Records and Reports of Inventory. Each Obligor shall keep accurate and complete records of its Inventory, including costs and daily withdrawals and additions, and shall submit to Agent inventory and reconciliation reports in form reasonably satisfactory to Agent, on such periodic basis as Agent may reasonably request, but not more than once per month except while an Event of Default exists. Each Obligor shall conduct a physical inventory at least once per calendar year (and on a more frequent basis if requested by Agent when an Event of Default exists) and periodic cycle counts consistent with historical practices, and shall provide to Agent a report based on each such inventory and count promptly upon completion thereof, together with such supporting information as Agent may reasonably request. Agent may participate in and observe each physical count at its sole cost and expense (except if such participation is pursuant to a regular field examination or during the existence of an Event of Default).

8.3.2. Returns of Inventory. No Obligor shall return any Inventory to a supplier, vendor or other Person, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default, Event of Default or Overadvance exists or would result therefrom; (c) Agent is promptly notified if the aggregate Value of all Inventory returned in any month exceeds the Dollar Equivalent of \$500,000; and (d) any payment received by an Obligor within a Borrower Group for a return is promptly remitted to Agent for application to the Borrower Group Obligations of such Borrower Group.

8.3.3. Acquisition, Sale and Maintenance. Each Obligor shall take all steps to assure that all Inventory is produced in accordance with Applicable Law, including the FLSA and the Gun Control Laws. Except as may occur in the Ordinary Course of Business, no Obligor shall sell any Inventory on consignment or approval or any other basis under which the customer may return or require an Obligor to repurchase such Inventory. Obligors shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

## **8.4. Administration of Equipment.**

8.4.1. Records and Schedules of Equipment. Each Obligor shall keep accurate and complete records of its Equipment, including kind, quality, quantity, cost, acquisitions and dispositions thereof, and shall submit to Agent, on such periodic basis as Agent may request, but not more than once per month except while an Event of Default exists, a current schedule thereof, in form satisfactory to Agent. Promptly upon request, Obligors shall deliver to Agent evidence of their ownership or interests in any Equipment.

8.4.2. Dispositions of Equipment. No Obligor shall sell, lease or otherwise dispose of any Equipment, without the prior written consent of Agent, other than (a) Permitted Asset Disposition; and (b) replacement of Equipment that is worn, damaged or obsolete with Equipment of like function and value, if the replacement Equipment is acquired substantially contemporaneously with such disposition and is free of Liens.

8.4.3. Condition of Equipment. The Equipment is in good operating condition and repair, and all necessary replacements and repairs have been made so that the value and operating efficiency of the Equipment is preserved at all times, reasonable wear and tear excepted. Each Obligor shall use its reasonable efforts to ensure that the Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications. No Obligor shall permit any Equipment to become affixed to real Property unless any landlord or mortgagee delivers a Lien Waiver.

8.5. Administration of Deposit Accounts. Schedule 8.5 sets forth all Deposit Accounts maintained by Obligors, including all Dominion Accounts. Each Obligor within a Borrower Group shall take all actions necessary to establish Agent's control of each such Deposit Account (other than (a) Deposit Accounts exclusively used

for payroll, payroll taxes or employee benefits, (b) Deposit Accounts of an Obligor that became an Obligor hereunder pursuant to a Permitted Acquisition that were in existence prior to the date of such Permitted Acquisition for the period beginning on the date of such Permitted Acquisition through (and including) the date that is sixty (60) days after the date of such Permitted Acquisition (or such later date as Agent may consent to in writing in its discretion), or (c) Deposit Accounts containing not more than the Dollar Equivalent of \$400,000 either individually or in the aggregate at any time). Each Obligor within a Borrower Group shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Agent and, subject to the Intercreditor Agreement, Term Loan Agent) to have control over a Deposit Account or any Property deposited therein. Each Obligor within a Borrower Group shall promptly notify Agent of any opening or closing of a Deposit Account maintained by such Obligor and, with the consent of Agent, will amend **Schedule 8.5** to reflect same.

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## **8.6. General Provisions.**

8.6.1. Location of Collateral. All tangible items of Collateral, other than (i) Inventory in transit, (ii) Inventory having a value less than the Dollar Equivalent of \$500,000 in the aggregate at any one time, (iii) laptops, blackberrys, cellphones, product samples, trade show materials and similar Collateral and (iv) Collateral not constituting ABL Priority Collateral, shall at all times be kept by U.S. Obligors and Canadian Obligors within such Borrower Group at the business locations set forth in **Schedule 8.6.1** or such other locations in the United States or Canada as may be agreed by Agent so long as such Collateral is subject to Agent's duly perfected, first priority Lien, and no other Lien other than Permitted Liens described in **Sections 10.2.2(d), (e) and (g)** and the Lien of Term Loan Agent so long as the Intercreditor Agreement remains in effect (unless terminated by the mutual agreement of Agent and Term Loan Agent), except that such Obligors may (a) make sales or other dispositions of Collateral in accordance with **Section 10.2.6**; (b) with respect to the U.S. Obligors, move Collateral to another location in the United States, upon 30 Business Days prior written notice to Agent and (c) with respect to the Canadian Obligors, move Collateral to another location in Canada, upon 30 Business Days prior written notice to Agent. Without limiting the foregoing, Obligors shall give Agent prompt written notice in the event any U.S. Collateral is located in Canada or any Canadian Collateral is located in any province other than British Columbia or Ontario, Canada, and shall deliver all PPSA financing statements and other documentation requested by Agent in order to ensure such Collateral continues to be subject to Agent's duly perfected, first priority Lien, and no other Lien other than Permitted Liens described in **Sections 10.2.2(d), (e) and (g)** and the Lien of Term Loan Agent so long as the Intercreditor Agreement remains in effect (unless terminated by the mutual agreement of Agent and Term Loan Agent).

### **8.6.2. Insurance of Collateral: Condemnation Proceeds.**

(a) Each Obligor shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other risks, in amounts, with endorsements and with insurers (with a Best's Financial Strength Rating of at least A- VII, unless otherwise approved by Agent) satisfactory to Agent. All proceeds under each policy of a member of a Borrower Group shall be payable to Agent and applied to the Borrower Group Obligations, subject to the Intercreditor Agreement. From time to time upon request, Obligors of such Borrower Group shall deliver to Agent the originals or certified copies of its insurance policies and updated flood plain searches. Subject to **Section 7.6(c)** and unless Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as lender's loss payee; (ii) requiring 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Obligor within a Borrower Group fails to provide and pay for any insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge Borrowers within such Borrower Group therefor. Each Obligor agrees to deliver to Agent, promptly as rendered, copies of all reports made to insurance companies. While no Event of Default exists, Obligors may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent or the Term Loan Agent as provided in the Intercreditor Agreement. If an Event of Default exists, only Agent or Term Loan Agent, as provided in the Intercreditor Agreement, shall be authorized to settle, adjust and compromise such claims. Notwithstanding the foregoing, except as otherwise noted in this clause (a), the covenant contained in this **Section 8.6.2** shall not be applicable with respect to the Acquisition Policies, including the Representation and Warranty Policy.

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(b) Subject to the terms of the Intercreditor Agreement, any proceeds of insurance (other than proceeds from workers' compensation or D&O insurance) and any awards arising from condemnation or expropriation of any Collateral of a Borrower Group shall be paid to Agent. Any such proceeds or awards that relate to Inventory of such Borrower Group shall be applied to payment of the Revolver Loans of such Borrower Group, and then to any other Borrower Group Obligations of such Borrower Group outstanding. Subject to clause (c) below, any proceeds or awards that relate to Equipment or Real Estate of a Borrower Group shall be applied first to Revolver Loans of such Borrower Group and then to other Borrower Group Obligations of such Borrower Group.

(c) If requested by Obligors in writing within 15 days after Agent's receipt of any insurance proceeds or condemnation or expropriation awards relating to any loss or destruction of Equipment or Real Estate of a Borrower Group, Obligors may use such proceeds or awards to repair or replace such Equipment or Real Estate (and until so used, the proceeds shall be held by Agent as Cash Collateral for the Borrower Group Obligations of such Borrower Group) as long as (i) no Default or Event of Default exists; (ii) such repair or replacement is promptly undertaken and concluded, in accordance with plans reasonably satisfactory to Agent for repairs or replacements exceeding the Dollar Equivalent of \$1,000,000; (iii) replacement buildings are constructed which are of comparable size, quality and utility to the destroyed buildings, unless otherwise agreed by Agent; (iv) the repaired or replaced Property is free of Liens, other than Permitted Liens; and (v) for repairs or replacements exceeding the Dollar Equivalent of \$1,000,000, Obligors comply with disbursement procedures for such repair or replacement as Agent may reasonably require.

8.6.3. Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral of any Borrower Group, all Taxes payable with respect to any Collateral (including any sale thereof) of any Borrower Group, and all other payments required to be made by Agent to any Person to realize upon any Collateral of any Borrower Group, shall be borne and paid by Borrowers within such Borrower Group. Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Obligors' sole risk.

8.6.4. Defense of Title. Each Obligor shall defend its title to Collateral owned by such Obligor and Agent's Liens therein against all Persons, claims and demands, to the extent necessary to ensure that each Obligor has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens (except Permitted Liens); provided, however, that in the case of Non-ABL Priority Collateral each Obligor shall not have an obligation to defend its title to Non-ABL Priority Collateral with respect to title defects affecting Non-ABL Priority Collateral that is immaterial to the business of the Obligors, taken as a whole, if, in its reasonable judgment, it is not commercially reasonable to conduct such defense after taking into account the value of the Non-ABL Priority Collateral to the business of the Obligors and the cost of maintaining such defense.

8.7. Power of Attorney. Each Obligor within a Borrower Group hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Obligor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. All powers, authorizations and agencies contained herein are coupled with an interest and are irrevocable until this Agreement is terminated. Agent, or Agent's designee, may, without notice and in either its or a Obligor's name, but at the cost and expense of Borrowers within such Borrower Group:



(a)Endorse such Obligor's name on any Payment Item or other proceeds of Collateral of such Obligor (including proceeds of insurance) that come into Agent's possession or control; and

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(b)During an Event of Default, (i)notify any Account Debtors of the assignment of their Accounts, demand and enforce payment of Accounts by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii)settle, adjust, modify, compromise, discharge or release any Accounts or other Collateral, or any legal proceedings brought to collect Accounts or Collateral; (iii)sell or assign any Accounts and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv)collect, liquidate and receive balances in Deposit Accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v)prepare, file and sign an Obligor's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi)receive, open and dispose of mail addressed to an Obligor, and notify postal authorities to deliver any such mail to an address designated by Agent; (vii)endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Accounts, Inventory or other Collateral; (viii)use an Obligor's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix)use information contained in any data processing, electronic or information systems relating to Collateral; (x)make and adjust claims under insurance policies; (xi)take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which an Obligor is a beneficiary; and (xii)take all other actions as Agent deems appropriate to fulfill any Obligor's obligations under the Loan Documents.

## SECTION 9. REPRESENTATIONS AND WARRANTIES

**9.1. General Representations and Warranties.** To induce Agent and Lenders to enter into this Agreement and to make available the Borrower Group Commitments, Loans and Letters of Credit, each Obligor represents and warrants that:

9.1.1. **Organization and Qualification.** Each Obligor and Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Obligor and Subsidiary is duly qualified, authorized to do business and in good standing as a foreign or extra-provincial, as the case may be, corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect. No Obligor is an EEA Financial Institution.

9.1.2. **Power and Authority.** Each Obligor is duly authorized to execute, deliver and perform its Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a)require any consent or approval of any holders of Equity Interests of any Obligor, except those already obtained; (b)contravene the Organic Documents of any Obligor; (c)violate or cause a default under (i)any Applicable Law, (ii)any order, injunction or judgment of any Governmental Authority, (iii)any Material Contract or (iv)with respect to the incurrence of Debt and the granting and regranting of a security interest in the Collateral on the date hereof under the Loan Agreement, and the Term Loan Agreement if and to the extent permitted by the Intercreditor Agreement; or (d)result in or require the imposition of any Lien (other than Permitted Liens) on any Obligor's Property.

9.1.3. **Enforceability.** Each Loan Document has been duly executed and delivered by each Obligor party thereto and is a legal, valid and binding obligation of each Obligor party thereto, enforceable in accordance with its terms, except as the enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium and other Applicable Laws affecting creditors' rights generally and by the application of general equitable principles (whether considered in proceedings at law or in equity).

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9.1.4. **Capital Structure.** **Schedule 9.1.4** shows, for each Obligor and Subsidiary, its name, jurisdiction of organization, authorized and issued Equity Interests, holders of its Equity Interests, and agreements binding on such holders with respect to such Equity Interests as of the date hereof after taking into account the Transactions. Except as disclosed on **Schedule 9.1.4**, in the five years preceding the 2012 Closing Date, no Obligor or Subsidiary has acquired any substantial assets from any other Person nor been the surviving entity in a merger or combination. Each Obligor has good title to its Equity Interests in its Subsidiaries, subject only to (i)to the extent subject to the Intercreditor Agreement, the Permitted Lien in favor of the Term Loan Agent, (ii)Agent's Lien, and (iii)the Permitted Liens described in **Sections 10.2.2(d), (e) and (g)** and all such Equity Interests are duly issued, fully paid and non-assessable (to the extent that the jurisdiction of formation of such entity has such concepts). There are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of any Obligor or Subsidiary other than those set forth on **Schedule 9.1.4** and those permitted under **Section 10.2.17**.

9.1.5. **Title to Properties; Priority of Liens.** Each Obligor and Subsidiary has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except (i)Permitted Liens, (ii)as set forth on **Schedule 9.1.5** and (iii)in the case of Non-ABL Priority Collateral, for title defects affecting such Non-ABL Priority Collateral that is immaterial to the business of the Obligors, taken as a whole. Each Obligor and Subsidiary has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral are duly perfected, first priority Liens, subject only to Permitted Liens that are expressly allowed to have priority over Agent's Liens. There are no unpaid or un-remitted Canadian Priority Payables outstanding.

9.1.6. **Accounts.** Agent may rely, in determining which Accounts are Eligible Domestic Accounts or Eligible Foreign Accounts, as applicable, on all statements and representations made by Borrowers and the other Canadian Obligors with respect thereto. Borrowers and the other Canadian Obligors warrant, with respect to each Account at the time it is shown as an Eligible Domestic Account or an Eligible Foreign Account in a Borrowing Base Certificate, that:

(a) it is genuine and in all respects what it purports to be, and is not evidenced by a judgment;

(b)it arises out of a completed, *bona fide* sale and delivery of goods or rendition of services in the Ordinary Course of Business, and substantially in accordance with any purchase order, contract or other document relating thereto;

(c)it is for a sum certain, maturing as stated in the invoice covering such sale or rendition of services, a copy of which has been furnished or is available to Agent on request;

(d)it is not subject to any offset, Lien (other than Agent's Lien), deduction, defense, dispute, counterclaim or other adverse condition except as arising in the Ordinary Course of Business and disclosed to Agent; and it is absolutely owing by the Account Debtor, without contingency in any respect;

(e)no purchase order, agreement, document or Applicable Law restricts assignment of the Account to Agent (other than a purchase order, agreement, document or Applicable Law that restricts the assignment of an Account owing by a Governmental Authority without compliance with applicable assignment of claims acts) (regardless of whether, under the UCC or PPSA, the restriction is ineffective), and the applicable Borrower or other Canadian Obligor is the sole payee or remittance party shown on the invoice;

(f) no extension, compromise, settlement, modification, credit, deduction or return has been authorized with respect to the Account, except discounts or allowances granted in the Ordinary Course of Business for prompt payment that are reflected on the face of the invoice related thereto and in the reports submitted to Agent hereunder; and

(g) to the best of Borrowers' and each other Canadian Obligor's knowledge, (i) there are no facts or circumstances that are reasonably likely to impair the enforceability or collectability of such Account; (ii) the Account Debtor had the capacity to contract when the Account arose, continues to meet the applicable Borrower's or other Canadian Obligor's customary credit standards, is Solvent, is not contemplating or subject to an Insolvency Proceeding, and has not failed, or suspended or ceased doing business; and (iii) there are no proceedings or actions threatened or pending against any Account Debtor that could reasonably be expected to have a material adverse effect on the Account Debtor's financial condition;

provided, however, that Borrowers and the other Canadian Obligors shall not be deemed to have breached the representation and warranty contained in this **Section 9.1.6** solely by virtue of the representations and warranties contained herein not being true and correct with respect to Accounts shown as either Eligible Domestic Accounts or Eligible Foreign Accounts if the amount of Availability derived from such Accounts that is impaired by such breach has a value, individually or in the aggregate, that is less than the Dollar Equivalent of \$1,000,000 at the time such representation and warranty is made or deemed made and for so long as such Account is shown as an Eligible Domestic Account or Eligible Foreign Account.

9.1.7. **Financial Statements.** The consolidated and consolidating balance sheets, and related statements of income, cash flow and shareholder's equity, of Obligors and Subsidiaries that (i) have been delivered to Agent and Lenders prior to the Closing Date, have been prepared in accordance with GAAP (or (x) in the case of Canadian Obligors, generally accepted accounting principles in effect on Canada from time to time, and (y) in the case of Foreign Subsidiaries, generally accepted accounting principles in effect in the applicable jurisdiction of formation, incorporation or organization, as applicable, of the applicable Foreign Subsidiary from time to time) and fairly present the financial positions and results of operations of Obligors and Subsidiaries at the dates and for the periods indicated and (ii) are hereafter delivered to Agent and Lenders, have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of Obligors and their Subsidiaries at the dates and for the periods indicated. All projections delivered from time to time to Agent and Lenders have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time. Since December 31, 2015, there has been no change in the condition, financial or otherwise, of any Obligor or Subsidiary that could reasonably be expected to have a Material Adverse Effect. Each Obligor is Solvent.

9.1.8. **Surety Obligations.** No Obligor or Subsidiary is obligated as surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder or as set forth on **Schedule 9.1.8**.

9.1.9. **Taxes.** Each Obligor and Subsidiary has filed all federal, state, provincial, territorial, foreign and material local tax returns and other reports that it is required by law to file, and has paid and remitted, or made provision for the payment and remittance of, all Taxes upon it, its income and its Properties that are due and payable, except to the extent being Properly Contested. The provision for Taxes on the books of each Obligor and Subsidiary for all years not closed by applicable statutes, and for its current Fiscal Year, has been determined in good faith and is believed to be adequate by such Obligor and such Subsidiary.

9.1.10. **Brokers.** There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents except as set forth on **Schedule 9.1.10**.

9.1.11. **Intellectual Property.** Each Obligor and Subsidiary owns or has the lawful right to use all Intellectual Property used in its business, without conflict with any rights of others that could reasonably be expected to have a Material Adverse Effect. Except as disclosed on **Schedule 9.1.11**, there are no pending or, to any Obligor's knowledge, threatened Intellectual Property Claims with respect to any Obligor, any Subsidiary or any of their Property (including any Intellectual Property) that has resulted or could reasonably be expected to result in liability of an Obligor with respect to any such Intellectual Property Claim in excess of the Dollar Equivalent of \$1,500,000. Except as disclosed on **Schedule 9.1.11**, no U.S. Borrower or its Subsidiaries pays or owes any Royalty or other compensation to any Person with respect to any Intellectual Property except for Royalties and compensation paid or owed in connection with off-the-shelf software used in the Ordinary Course of Business or Royalties and compensation paid or owed in an amount less than the Dollar Equivalent of \$2,500,000 through the Maturity Date. All registered trademarks, owned common law trademarks material to the business of Obligors, taken as a whole, trademark applications, patents, patent applications, registered copyrights owned or licensed and registered designs as the case may be, by any Obligor are shown on **Schedule 9.1.11**.

9.1.12. **Governmental Approvals.** Each Obligor and Subsidiary has, is in compliance in all material respects with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties, except as set forth on **Schedule 9.1.12**. All necessary import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect, and Obligors and Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.13. **Compliance with Laws.** Each Obligor and Subsidiary has duly complied in all material respects, and its Properties and business operations are in compliance, in all material respects with all Applicable Law, except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to any Obligor or Subsidiary under any Applicable Law. No Inventory has been produced in violation of Applicable Law, including the FLSA or any Gun Control Laws. All material import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral imported or handled in the Ordinary Course of Business have been procured and are in effect, and Obligors and their respective Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where such noncompliance, non-procurement or non-effectiveness could not reasonably be expected to have a Material Adverse Effect.

9.1.14. **Compliance with Environmental Laws.** Except as disclosed on **Schedule 9.1.14**, with respect to each of the U.S. Borrowers as of the Closing Date, no Obligor's or Subsidiary's past or present operations, Real Estate or other Properties are subject to any federal, state, local, provincial, territorial, municipal or foreign investigation to determine whether any material remedial action is needed to address any material environmental pollution, hazardous material or environmental clean-up. No Obligor or Subsidiary has received any Environmental Notice with respect to matters that could reasonably be expected to have a Material Adverse Effect. Except as disclosed on **Schedule 9.1.14**, with respect to each of the U.S. Borrowers as of the Closing Date, no Obligor or Subsidiary has any contingent liability with respect to any Environmental Release, environmental pollution or hazardous material on any Real Estate now or previously owned, leased or operated by it, except for such liabilities which could not reasonably be expected to have a Material Adverse Effect.

9.1.15. Burdensome Contracts. No Obligor or Subsidiary is a party or subject to any contract, agreement or charter restriction that could reasonably be expected to have a Material Adverse Effect. No Obligor or Subsidiary is party or subject to any Restrictive Agreement, except as shown on **Schedule 9.1.15** or as permitted pursuant to **Section 10.2.14**. No such Restrictive Agreement prohibits the execution, delivery or performance of any Loan Document by an Obligor.

9.1.16. Litigation. Except as shown on **Schedule 9.1.16**, there are no proceedings or investigations pending or, to any Obligor's knowledge, threatened against any Obligor or Subsidiary, or any of their businesses, operations, Properties, prospects or conditions, that (a) relate to any Loan Documents or transactions contemplated thereby; or (b) could reasonably be expected to have a Material Adverse Effect if determined adversely to any Obligor or Subsidiary. Except as shown on such Schedule, no Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than the Dollar Equivalent of \$400,000). No Obligor or Subsidiary is in default with respect to any order, injunction or judgment of any Governmental Authority.

9.1.17. No Defaults. No event or circumstance has occurred or exists that constitutes a Default or Event of Default. No Obligor or Subsidiary is in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default, under any Material Contract or in the payment of any Borrowed Money in excess of the Dollar Equivalent of \$1,500,000. There is no basis upon which any party (other than an Obligor or Subsidiary) could terminate a Material Contract prior to its scheduled termination date except to the extent that any Material Contract by its terms can be terminated at any time with or without the giving of notice.

9.1.18. ERISA; Canadian Pension Plans Except as disclosed on **Schedule 9.1.18**:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code, and other federal and state laws. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of Obligors, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Obligor and ERISA Affiliate has met all applicable requirements under the Code, ERISA and the Pension Protection Act of 2006, and no application for a waiver of the minimum funding standards or an extension of any amortization period has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of Obligors, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted in or could reasonably be expected to have a Material Adverse Effect.

(c) (i) No ERISA Event or Termination Event has occurred or is reasonably expected to occur; (ii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is at least 60%; and no Obligor or ERISA Affiliate knows of any reason that such percentage could reasonably be expected to drop below 60%; (iii) no Obligor or ERISA Affiliate has incurred any liability to the PBGC except for the payment of premiums, and no premium payments are due and unpaid; (iv) no Obligor or ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA; and (v) no Pension Plan has been terminated by its plan administrator or the PBGC, and no fact or circumstance exists that could reasonably be expected to cause the PBGC to institute proceedings to terminate a Pension Plan.

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(d) With respect to any Foreign Plan, (i) all employer and employee contributions required by law or by the terms of the Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance, or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles; and (iii) it has been registered as required and has been maintained in good standing with applicable regulatory authorities, except where the failure to be so registered and maintained could not reasonably be expected to have a Material Adverse Effect.

(e) (i) Each of the Canadian Pension Plans is duly registered under and has been administered in compliance with the *Income Tax Act* (Canada) and Applicable Pension Legislation other than non-compliance that could not reasonably be expected to result in a Material Adverse Effect; (ii) all obligations of Canadian Obligors and their Subsidiaries (including fiduciary, funding, investment and administration obligations) required to be performed in connection with any Canadian Pension Plan and the funding agreements therefor have been performed in accordance with Applicable Pension Legislation other than non-performance that could not reasonably be expected to result in a Material Adverse Effect; (iii) there are no outstanding disputes, actions, suits or claims concerning the assets of any Canadian Pension Plan other than claims for benefits in the Ordinary Course of Business or claims that could not reasonably be expected to result in a Material Adverse Effect; (iv) Canadian Obligors and their Subsidiaries have withheld and remitted all employee withholdings and have made all employer contributions to be withheld and made by them pursuant to any Applicable Pension Legislation on account of each Canadian Pension Plan, Canadian Benefit Plan and Canadian employment insurance and employee income taxes; (v) no condition exists or transaction has occurred in connection with any Canadian Pension Plan or Canadian Benefit Plan which could result in the incurrence by Canadian Obligors or any of their Subsidiaries of any liability, fine or penalty that could reasonably be expected to result in a Material Adverse Effect; (vi) none of the Canadian Pension Plans provides benefits on a defined benefit basis; (vii) no Lien has arisen, choate or inchoate, in respect of any Canadian Pension Plan (other than with respect to contributions not yet due); and (viii) no Canadian Pension Plan is a multi-employer pension plan within the meaning of Applicable Pension Legislation.

9.1.19. Trade Relations. There exists no actual or threatened termination, limitation or modification of any business relationship between any Obligor or Subsidiary and any customer or supplier, or any group of customers or suppliers, who individually or in the aggregate are material to the business of the Obligors and their Subsidiaries, taken as a whole. There exists no condition or circumstance that could reasonably be expected to impair the ability of any Obligor or Subsidiary to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date.

9.1.20. Labor Relations. Except as described on **Schedule 9.1.20**, as of the Closing Date, no Obligor or Subsidiary is party to or bound by any (a) collective bargaining agreement, (b) management agreement or (c) consulting agreement either (i) entered into outside of the Ordinary Course of Business or (ii) under which the aggregate yearly payments made by the applicable Obligor or Subsidiary is in excess of the Dollar Equivalent of \$500,000 (in each case, excluding, for the avoidance of doubt, sales representative agreements). There are no material grievances, disputes or controversies with any union or other organization of any Obligor's or Subsidiary's employees, or, to any Obligor's knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

9.1.21. Payable Practices. No Obligor or Subsidiary has made any material change in its historical accounts payable practices from those in effect on the Closing Date, other than those that have been furnished to Agent.

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9.1.22. Not a Regulated Entity. No Obligor is (a) an "investment company" or a "person directly or indirectly controlled by or acting on behalf of an investment company" within the meaning of the Investment Company Act of 1940; or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any public utilities code or any other Applicable Law regarding its authority to incur Debt.

9.1.23. Margin Stock. No Obligor or Subsidiary is engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No Loan proceeds or Letters of Credit will be used by Obligor to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose governed by Regulations T, U or X of the Board of Governors.

9.1.24. Warranty and Recall Claims. Except as set forth on **Schedule 9.1.24**, no products of any Obligor or any Subsidiary are the subject of any warranty or recall claims which could reasonably be expected to be material to the business of the Obligor and their Subsidiaries, taken as a whole.

9.1.25. OFAC. No Borrower, Subsidiary, or any director, officer, employee, agent, affiliate or representative thereof, is or is owned or controlled by any individual or entity that is currently the subject or target of any Sanction or is located, organized or resident in a Designated Jurisdiction.

9.1.26. Material Contracts. No Obligor nor any of their respective Subsidiaries is in default in the performance, observance or fulfillment of (i) any of the material obligations, covenants or conditions contained in any Material Contract to which it is a party or (ii) any other contractual obligations, in each case of (i) and (ii) above, to the extent such default could reasonably be expected to result in a Material Adverse Effect.

**9.2. Complete Disclosure**. No representations or warranties set forth in a Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make such representations and warranties contained therein not materially misleading (except for changes in the nature of an Obligor's or, if applicable, its Subsidiaries' business or operations that may occur after the Closing Date in the Ordinary Course of Business so long as Agent has consented to such changes or such changes are not violative of any provision of this Agreement). There is no fact, liability or circumstance that any Obligor has failed to disclose to Agent in writing that could reasonably be expected to have a Material Adverse Effect. With respect to the Obligors, the representations and warranties set forth in the Loan Documents are true and correct in all material respects as of the Closing Date, except in each instance for the representations and warranties that are made as of a specific date, which shall be deemed made as of such date.

## **SECTION 10. COVENANTS AND CONTINUING AGREEMENTS**

**10.1. Affirmative Covenants**. As long as any Borrower Group Commitments or Borrower Group Obligations are outstanding, each Obligor shall, and shall cause each Subsidiary to:

### **10.1.1. Inspections; Appraisals.**

(a) Permit Agent from time to time, subject (except when a Default or Event of Default exists) to reasonable notice and normal business hours, to visit and inspect the Properties of any Obligor or Subsidiary, inspect, audit and make extracts from any Obligor's or Subsidiary's books and records, and discuss with its officers, employees, agents, advisors and independent accountants such Obligor's or Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither Agent nor any Lender shall have any duty to any Obligor to make any inspection, nor to share any results of any inspection, appraisal or report with any Obligor; provided, however that so long as Default or Event of Default exists, Agent agrees to send Obligor's copies of all appraisals conducted by third parties engaged by it relating to Property of the Obligors. Notwithstanding the foregoing, Obligors acknowledge that all inspections, appraisals and reports are prepared by Agent and Lenders for their purposes, and Obligors shall not be entitled to rely upon them.

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(b) Reimburse Agent for all reasonable charges, costs and expenses of Agent in connection with (i) examinations of any Obligor's books and records or any other financial or Collateral matters as Agent deems appropriate, up to one time per Loan Year if Availability is greater than or equal to 25% of the aggregate Commitments at all times during such Loan Year, up to two times per Loan Year if Availability is less than 25% of the aggregate Commitments but greater than or equal to 10% of the aggregate Commitments at all times during such Loan Year and up to three times per Loan Year if Availability is less than 10% of the aggregate Commitments at any time during such Loan Year; and (ii) appraisals of Inventory, up to one time per Loan Year if Availability is greater than or equal to 15% of the aggregate Commitments at all times during such Loan Year and up to two times per Loan Year if Availability is less than 15% of the aggregate Commitments during such Loan Year; provided, however, that if an examination or appraisal is initiated during a Default or Event of Default, all charges, costs and expenses therefor shall be reimbursed by Borrowers without regard to such limits. Borrowers within each Borrower Group agree to pay Agent's then standard charges for examination activities with respect to such Borrower Group (and, in the case of U.S. Borrowers, the examination activities with respect to Canadian Obligors), including the standard charges of Agent's internal examination and appraisal groups, as well as the charges of any third party used for such purposes (it being understood that Agent's standard charges will be subject to reasonable increases after the Closing Date).

**10.1.2. Financial and Other Information**. Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Agent and Lenders:

(a) as soon as available, and in any event within 90 days after the close of each Fiscal Year, balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders' equity for such Fiscal Year, on a consolidated basis for Obligors and Subsidiaries, which consolidated statements shall be audited and certified (without qualification) by a firm of independent certified public accountants of recognized standing selected by Borrowers and reasonably acceptable to Agent, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information reasonably acceptable to Agent;

(b) as soon as available, and in any event within 30 days after the end of each month (or, if such month is also the end of a Fiscal Quarter, within 45 days after the end of such month), unaudited balance sheets as of the end of such month and the related statements of income and cash flow for such month and for the portion of the Fiscal Year then elapsed, on a consolidated (and, for the last month of the Fiscal Year, consolidating) basis for Obligors and Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by a senior financial officer of Borrower Agent or Safariland as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such month and period, subject to normal year-end adjustments and the absence of footnotes;

(c) concurrently with the delivery of financial statements under clauses (a) and (b) above (or more frequently if requested by Agent while a Default or an Event of Default exists), whether or not a Covenant Testing Period exists, a Compliance Certificate executed by a senior financial officer of Borrower Agent or Safariland;

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(d) concurrently with delivery of financial statements under clause (a) above, copies of all management letters and other material reports (if available) submitted to Obligors by their accountants in connection with such financial statements;

(e) not later than 30 days prior to the end of each Fiscal Year, projections of Obligors' consolidated balance sheets, results of operations, cash flow and Availability, Canadian Availability and U.S. Availability for the next Fiscal Year, month by month;

(f) at Agent's request, a listing of each Obligor's trade payables, specifying the trade creditor and balance due, and a detailed trade payable aging, all in form reasonably satisfactory to Agent;

(g) promptly after the sending or filing thereof, copies of any proxy statements, financial statements or reports that any Obligor has made generally available to its shareholders; copies of any regular, periodic and special reports or registration statements or prospectuses that any Obligor files with the Securities and Exchange Commission or other similar reports of the nature described above, or any securities exchange; and copies of any press releases or other statements made available by an Obligor to the public concerning material changes to or developments in the business of such Obligor;

(h) promptly after the sending or filing thereof, copies of any annual report, actuarial valuations or other reports to be filed in connection with each Plan, Canadian Pension Plan or Foreign Plan;

(i) upon Agent's request, information regarding any Royalty or other compensation paid, or owing, by any Obligor or Subsidiary to any Person with respect to any Intellectual Property;

(j) such other reports and information (financial or otherwise) as Agent may reasonably request from time to time in connection with any Collateral or any Obligor's, Subsidiary's or other Obligor's financial condition or business; and

(k) upon receipt or delivery thereof by or to any Obligor or Subsidiary, any notice of "Default" or "Event of Default" (under and as defined in the Term Loan Debt Documents) and, without duplication of any report required to be provided hereunder, each material report required to be provided pursuant to the Term Loan Agreement and, upon execution thereof, any waiver, amendment or other modification to the Term Loan Debt Documents.

10.1.3. Notices. Notify Agent and Lenders in writing, promptly after an Obligor's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the threat or commencement of (i) any proceeding or investigation outside the Ordinary Course of Business, whether or not covered by insurance, or (ii) any proceeding or investigation in the Ordinary Course of Business, whether or not covered by insurance, if an adverse determination could reasonably be expected to have a Material Adverse Effect; (b) any pending or threatened material labor dispute, strike or walkout, or the expiration of any material labor contract; (c) any default under or termination of a Material Contract; (d) the existence of any Default or Event of Default or any default or event of default under the Term Loan Debt Documents; (e) any judgment in an amount exceeding the Dollar Equivalent of \$500,000; (f) the assertion of any Intellectual Property Claim, if an adverse resolution could reasonably be expected to have a Material Adverse Effect; (g) any violation or asserted violation of any Applicable Law (including ERISA or Applicable Pension Legislation, OSHA, FLSA, any Environmental Laws or any Gun Control Laws), if an adverse resolution could have a Material Adverse Effect; (h) any material Environmental Release by an Obligor or on any Property owned, leased or occupied by an Obligor; or receipt by an Obligor of any Environmental Notice that could reasonably be expected to affect the Collateral; (i) the occurrence of any ERISA Event or Termination Event; (j) the discharge of or any withdrawal or resignation by Obligor's independent accountants; (k) any opening of a new office or place of business, at least 30 days prior to such opening; (l) any amendment, waiver or modification to any Organic Document; (m) any amendment, waiver or modification to any Material Contract that is material or that would be adverse to the Lenders; or (n) without duplication of any notice required to be provided hereunder, each material notice required to be provided pursuant to the Term Loan Agreement.

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10.1.4. Landlord and Storage Agreements. Upon request, provide Agent with copies of all existing agreements, and promptly after execution thereof provide Agent with copies of all future agreements, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

10.1.5. Compliance with Laws. Comply with all Applicable Laws, including ERISA or other Applicable Pension Legislation, Environmental Laws, Gun Control Laws, FLSA, OSHA, Anti-Terrorism Laws, and laws regarding collection and payment of Taxes, maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any material Environmental Release occurs at or on any Properties of any Obligor or Subsidiary, it shall act promptly and diligently to investigate and report to Agent the extent of such Environmental Release.

10.1.6. Taxes. Pay, remit and discharge all Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

10.1.7. Insurance. In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (with a Best Rating of at least A7, unless otherwise approved by Agent) satisfactory to Agent, (a) with respect to the Properties and business of Obligor and Subsidiaries of such type (including product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated; and (b) business interruption insurance in an amount appropriate for a business of the size and character of the business of Obligor and their Subsidiaries and otherwise acceptable to Agent and subject to an Insurance Assignment satisfactory to Agent.

10.1.8. Licenses. Keep each material License required in connection with the purchase, sale, maintenance or use of any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material Property of Obligor and Subsidiaries in full force and effect; and pay all Royalties when due unless payment has been Properly Contested and, if required by Agent, a reserve has been implemented with respect to such payment.

10.1.9. Future Subsidiaries. Promptly notify Agent upon any Person becoming a Subsidiary after the Closing Date and:

(a) if such Person is a Domestic Subsidiary, cause it, and the other Obligor, as applicable, to:

(i) execute and deliver to Agent a Joinder Agreement in the form of **Exhibit C-1** and such other supplements or amendments to this Agreement or the other Loan Documents as Agent deems necessary or advisable to grant to Agent, for the benefit of the Secured Parties, a perfected Lien (subject only to the Lien of the Term Loan Agent) in the Equity Interests of such new Subsidiary that is owned by any Obligor;

(ii) deliver to Agent evidence that any certificates representing such Equity Interests, together with an undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor or any such Subsidiary have been delivered to Term Loan Agent to hold for Agent as bailee for perfection purposes in accordance with the terms of the Intercreditor Agreement;

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(iii) cause such new Subsidiary to (A) become a U.S. Borrower (or, if Agent requires, a Guarantor) under this Agreement, (B) take such actions as Agent in good faith deems are necessary or appropriate to grant to Agent, for the benefit of the Secured Parties, a perfected Lien in the Collateral in which such new Subsidiary has an interest having the priority specified in the Intercreditor Agreement for such Collateral, including the filing of UCC financing statements in such jurisdictions as may be deemed necessary or appropriate by Agent and (C) deliver to Agent a perfection certificate of such new Subsidiary in form and substance reasonably satisfactory to Agent, duly executed on behalf of such Subsidiary; and

(iv) if requested by Agent, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent.

(b) if such Person is a Canadian Subsidiary, cause it, and the other Obligor, as applicable, to:

(i) execute and deliver to Agent a Joinder Agreement in the form of **Exhibit C-2** and such other supplements or amendments to this Agreement or the other Loan Documents as Agent deems necessary or advisable to grant to Agent, for the benefit of the Secured Parties, a perfected Lien in 100% of the Equity Interests of such new Subsidiary (provided, that in each case such pledge of the Equity Interests to secure the U.S. Direct Obligations shall be limited to (x) first-tier Subsidiaries of U.S. Obligor and (y) 65% of the outstanding voting Equity Interests);

(ii) deliver to Agent evidence that any certificates representing such Equity Interests, together with an undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor or any such Subsidiary have been delivered to Term Loan Agent to hold for Agent as bailee for perfection purposes in accordance with the terms of the Intercreditor Agreement;

(iii) cause such new Subsidiary to (A) become a Canadian Guarantor under this Agreement (B) take such actions as Agent in good faith deems are necessary or appropriate to grant to Agent, for the benefit of the Secured Parties, a priority perfected Lien in the Collateral in which such new Subsidiary has an interest having the priority specified in the Intercreditor Agreement for such Collateral, including the filing of PPSA financing statements in such jurisdictions as may be deemed necessary or appropriate by Agent and (C) deliver to Agent a perfection certificate of such new Subsidiary in form and substance reasonably satisfactory to Agent, duly executed on behalf of such Subsidiary; and

(iv) if requested by Agent, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent.

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(c) Subject to **Section 7.6(e)**, if such Person is a Foreign Subsidiary, cause it, and the other Obligor, as applicable, to:

(i) execute and deliver to Agent such supplements or amendments to this Agreement and the other Loan Documents as Agent deems necessary or appropriate to (A) grant to Agent, for the benefit of the Secured Parties, a perfected Lien (subject only to the Lien of Term Loan Agent) in 100% of the Equity Interests of such new Subsidiary (provided, that in each case such pledge of the Equity Interests to secure the U.S. Direct Obligations shall be limited to (x) first-tier Subsidiaries of U.S. Obligor and (y) 65% of the outstanding voting Equity Interests to secure the U.S. Direct Obligations) and (B) at the request of Agent, execute and deliver a Guaranty, in form and substance reasonably acceptable to Agent, to guarantee payment or performance of the Obligations other than the U.S. Direct Obligations or any portion thereof; provided, that, notwithstanding the foregoing, if at any time the consolidated EBITDA of all Foreign Subsidiaries (excluding Canadian Subsidiaries) that do not guaranty the Obligations (all such Subsidiaries, the "Non-Obligor Subsidiaries") is greater than 20% of the consolidated EBITDA of Holdings and all of its Subsidiaries, then Agent may, in consultation with Borrower Agent and after taking into consideration any adverse tax consequences, require one or more Non-Obligor Subsidiaries (so that, and solely to the extent necessary to ensure that, after giving effect to this proviso, the EBITDA of all remaining Non-Obligor Subsidiaries is less than 20% of the consolidated EBITDA of Holdings and all of its Subsidiaries) to (1) provide either a guaranty of or other mutually agreed credit support for the Obligations and (2) take such actions as Agent, in good faith, deems necessary or appropriate so that Agent, for the benefit of Secured Parties, has either a perfected Lien in the Collateral in which such Non-Obligor Subsidiaries have an interest, having the priority specified in the Intercreditor Agreement for such Collateral, including the filing of financing statements in such jurisdictions as may be deemed necessary or appropriate by Agent or such other mutually agreed credit support;

(ii) deliver to Agent evidence that any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor have been delivered to Term Loan Agent to hold for Agent as bailee for perfection purposes in accordance with the terms of the Intercreditor Agreement; and

(iii) take such other action as Agent in good faith deems necessary or appropriate to perfect Agent's security interest therein; and

(iv) if requested by Agent, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent.

**10.2. Negative Covenants.** As long as any Commitments or Obligations are outstanding, each Obligor shall not, and shall cause each Subsidiary not to:

10.2.1. Permitted Debt. Create, incur, guarantee or suffer to exist any Debt, except:

- (a) the Obligations;
- (b) the Term Loan Debt subject to the terms of the Intercreditor Agreement as in effect on the date hereof;
- (c) Subordinated Debt;
- (d) Permitted Purchase Money Debt;
- (e) Borrowed Money listed on **Schedule 10.2.1** hereto (other than the Obligations, Subordinated Debt and Permitted Purchase Money Debt);

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(f) Debt with respect to Bank Products incurred in the ordinary course of business;

(g) Debt that is in existence when a Person becomes a Subsidiary or that is secured by an asset when acquired by an Obligor or Subsidiary, as long as such Debt was not incurred in contemplation of such Person becoming a Subsidiary or such acquisition, and does not exceed the Dollar Equivalent of \$5,000,000 in the aggregate at any time;

(h) Permitted Contingent Obligations;

(i) Refinancing Debt as long as each Refinancing Condition is satisfied;

(j)unsecured obligations under Hedging Agreements not entered into for speculative purposes and not otherwise prohibited by this Agreement; provided that such Hedging Agreements do not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(k)any earn-out or deferred compensation payments in respect of any Permitted Acquisition so long as such payments (i)constitute Subordinated Debt and are subordinated to the Full Payment of the Obligations and (ii)do not exceed (x)the Dollar Equivalent of \$6,000,000 for any single Permitted Acquisition and (y)the Dollar Equivalent of \$15,000,000 for all Permitted Acquisitions made during the term of this Agreement;

(l)Debt arising under any performance or surety bond, in each case entered into in the Ordinary Course of Business and not constituting Borrowed Money;

(m)Debt that is not included in any of the other clauses of this **Section 10.2.1**, is not secured by a Lien and does not exceed the Dollar Equivalent of \$7,500,000 in the aggregate at any time;

(n)Debt owing by (i)one or more members of the Target A Group in an aggregate amount outstanding at any time not to exceed the Dollar Equivalent of \$6,500,000, and (ii)Foreign Subsidiaries (other than members of the Target A Group) in an aggregate amount outstanding at any time not to exceed the Dollar Equivalent of \$5,000,000, in each case to Persons other than Agent and Lenders and so long as no Obligor guaranties such Debt and such Debt is not secured by the Collateral;

(o)Debt incurred in connection with a Permitted Acquisition, to the extent permitted under the definition of Permitted Acquisition that consists of Debt existing prior to the consummation of the Permitted Acquisition (and not incurred in contemplation thereof) that is permitted to be assumed by the Obligors pursuant to clause (d) above as Permitted Purchase Money Debts and does not constitute a revolving credit facility;

(p) Debt of a U.S. Obligor that is owed to another U.S. Obligor to the extent otherwise permitted hereunder;

(q) Debt of a Canadian Obligor that is owed to another Canadian Obligor to the extent otherwise permitted hereunder;

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(r) Debt of a Foreign Obligor that is owed to another Obligor to the extent otherwise permitted hereunder;

(s) Debt of a Non-Obligor Subsidiary that is owed to another Non-Obligor Subsidiary or an Obligor to the extent otherwise permitted hereunder;

(t)(i)Debt of Canadian Borrower that is owed to Safariland on the Closing Date so long as such Debt is not secured by a Lien, the principal amount thereof does not exceed Cdn \$10,713,951, plus any capitalized interest thereon, in the aggregate at any time and is evidenced by a promissory note or debt agreement that is pledged or collaterally assigned to Agent as security for the Obligations; (ii)(A)other unsecured Debt of a Canadian Obligor or a Foreign Obligor that is owed to a U.S. Obligor or (B) unsecured Debt of a Foreign Obligor that is owed to a Canadian Obligor, in each case so long as the following conditions are satisfied:

(I) at the time of the incurrence of such Debt, no Default or Event of Default exists,

(II)at the time of the incurrence of such Debt, Average Availability for the 60 day period immediately preceding such incurrence calculated on a pro forma basis assuming such incurrence occurred on the first day of such period (including any Loans made hereunder to finance such Debt) shall be greater than or equal to the greater of

(1) 15% of the aggregate Commitments and

(2) \$6,500,000,

(III)at the time of the incurrence of such Debt, Availability, on any date after giving effect to the incurrence of such Debt (including any Loans made hereunder to finance such Debt) shall be greater than or equal to the greater of

(1) 15% of the aggregate Commitments and

(2) \$6,500,000,

(IV)at the time of the incurrence of such Debt, Obligors provide Agent evidence that, after giving effect to the incurrence of such Debt, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended,

(V)no Obligor will be rendered not Solvent by the incurrence of such Debt and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of the incurrence of such Debt, that all such conditions have been satisfied;

(VI)such Debt is not secured by a Lien and is evidenced by a promissory note or debt agreement that is pledged or collaterally assigned to Agent as security for the Obligations having the priority set forth in the Intercreditor Agreement;

(iii)Debt that is owed by Sencan UK to Safariland pursuant to the UK IDA (plus any capitalized interest thereon); (iv)Debt of Target A Purchaser to Safariland incurred in connection with the Target A Acquisition in an aggregate principal amount, when aggregated with Investments made pursuant to clause (l) of the definition of Restricted Investments, not to exceed the Dollar Equivalent of \$23,100,000 (plus any capitalized interest thereon) at any time outstanding less the amount of any principal payments made on such Debt, and otherwise on terms and conditions reasonably satisfactory to Agent; (v)Debt of Med-Eng ULC to Safariland incurred in connection with the Target B Acquisition in an aggregate principal amount, when aggregated with Investments made pursuant to clause (m) of the definition of Restricted Investments, not to exceed the Dollar Equivalent of \$13,200,000 (plus any capitalized interest thereon) at any time outstanding less the amount of any principal payments made on such Debt, and otherwise on terms and conditions reasonably satisfactory to Agent; (vi)Debt (other than Debt described in subclause (i) of this clause (t)) that is owed by Canadian Borrower to Safariland pursuant to the Canadian IDA (plus any capitalized interest thereon); and

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- (u) Debt incurred in connection with the financing of insurance premiums, incurred in the Ordinary Course of Business.

10.2.2. Permitted Liens. Create or suffer to exist any Lien upon any of its Property, except the following (collectively, "Permitted Liens");

- (a) Liens in favor of Agent;

(b) Liens on Collateral in favor of the Term Loan Agent securing the Term Loan Debt permitted hereunder so long as the Intercreditor Agreement remains in full force and effect with respect thereto (unless terminated by the mutual agreement of Agent and Term Loan Agent);

- (c) Purchase Money Liens securing Permitted Purchase Money Debt;

- (d) Liens for Taxes not yet due or being Properly Contested;

(e) statutory Liens (other than Liens for Taxes or imposed under ERISA or Applicable Pension Legislation) arising in the Ordinary Course of Business, but only if (i) payment of the obligations secured thereby is not yet due or is being Properly Contested, and (ii) such Liens do not materially impair the value or use of the Property or materially impair operation of the business of any Obligor or Subsidiary;

(f) Liens incurred or deposits made with respect to a Borrower Group in the Ordinary Course of Business to secure the performance of tenders, bids, leases, contracts (except those relating to Borrowed Money), statutory obligations and other similar obligations, or arising as a result of progress payments under government contracts, in each case, with respect to such Borrower Group, as long as such Liens are at all times junior to Agent's Liens;

- (g) Liens arising in the Ordinary Course of Business that are subject to Lien Waivers;

(h) Liens arising by virtue of a judgment or judicial order against any Obligor or Subsidiary, or any Property of an Obligor or Subsidiary, as long as such Liens are (i) in existence for less than 30 consecutive days or being Properly Contested, and (ii) at all times junior to Agent's Liens;

(i) easements, rights-of-way, restrictions, covenants or other agreements of record, and other similar charges or encumbrances on Real Estate, that do not secure any monetary obligation and do not interfere with the Ordinary Course of Business;

(j) with respect to Real Estate, Liens that are exceptions to the commitments for title insurance issued in connection with the mortgage of Term Loan Agent encumbering such real property (including the items reflected on Schedule B to each such commitment (copies of which have been made available to Agent on or prior to the Closing Date));

(k) normal and customary rights of setoff upon deposits in favor of depository institutions, and Liens of a collecting bank on Payment Items in the course of collection;

- (l) Liens shown on **Schedule 10.2.2(l)**;

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(m) licenses, sublicenses, leases or subleases of Intellectual Property granted by the Obligors or any of their respective Subsidiaries to the extent such licenses, sublicenses, leases or subleases are permitted by **Section 10.2.6**;

(n) possessory Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the Ordinary Course of Business;

(o) Liens securing Debt owing by Foreign Subsidiaries to Persons other than Agent and Lenders permitted pursuant to **Section 10.2.1(n)** so long as no Obligor guaranties such Debt and such Debt is not secured by the Collateral; and

(p) Liens exclusively on the unearned premiums relating to debt incurred in the Ordinary Course of Business in connection with the financing of insurance premiums, other than with respect to business interruption insurance, property insurance and automobile insurance premiums; provided, that the amount of debt secured by such Liens shall not exceed the Dollar Equivalent of \$6,000,000 in any twelve-month period.

10.2.3. Intentionally omitted.

10.2.4. Distributions: Upstream Payments. Declare or make any Distributions, except (a) Permitted Distributions, (b) Upstream Payments, and (c) a Permitted Foreign Restructuring Transaction; or create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary to make any Upstream Payment, except for restrictions under the Loan Documents, under Applicable Law or in effect on the Closing Date as shown on **Schedule 9.1.15**.

10.2.5. Restricted Investments. Make any Restricted Investment.

10.2.6. Disposition of Assets. Make any Asset Disposition, except (a) a Permitted Asset Disposition, (b) a disposition of Equipment under **Section 8.4.2**, (c) a transfer of Property by a Canadian Subsidiary or Canadian Obligor to a Canadian Borrower or another Canadian Obligor, (d) a transfer of Property by a Foreign Subsidiary to a U.S. Obligor (or, if such Foreign Subsidiary's direct parent is a Canadian Obligor, to such Canadian Obligor), (e) a transfer of Property by a Domestic Subsidiary or U.S. Obligor to a U.S. Borrower or another U.S. Obligor, or (f) a Permitted Foreign Restructuring Transaction.

10.2.7. Loans. Make any loans or other advances of money to any Person, except (a) advances to an officer or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (b) loans or advances to officers or employees in the Ordinary Course of Business pursuant to and in accordance with the terms of any Plan in an aggregate amount not to exceed the Dollar Equivalent of \$1,500,000 at any time; (c) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (d) deposits with financial institutions permitted hereunder; (e) as long as no Default or Event of Default exists, intercompany loans by a U.S. Borrower to a U.S. Obligor or by a U.S. Obligor to another U.S. Obligor; (f) as long as no Default or Event of Default exists, intercompany loans by Canadian Borrower to a Canadian Obligor or by a Canadian Obligor to another Canadian Obligor; (g) as long as no Default or Event of Default exists, intercompany loans by a Foreign Obligor to another Foreign Obligor; (h) as long as no Default or Event of Default exists, intercompany loans by a Non-Obligor Subsidiary to another Non-Obligor Subsidiary; (i) loans permitted by **Section 10.2.1(t)**; (j) loans existing as of the Closing Date and set forth on **Schedule 10.2.7**; and (k) as long as no Default or Event of Default exists, loans or advances by the Obligors to Sencan UK in an aggregate amount which, when aggregated with Investments made pursuant to clause (k) of the definition of Restricted Investments, do not exceed \$500,000 at any one time outstanding.

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**10.2.8. Restrictions on Payment of Certain Debt** Make any payments (whether voluntary or mandatory, or a prepayment, redemption, retirement, defeasance or acquisition) with respect to any:

(a) Subordinated Debt (other than Subordinated Debt of the type described in the following clause (b)), except regularly scheduled payments of principal, interest and fees, but only to the extent permitted under any subordination agreement relating to such Debt (and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all conditions under such agreement have been satisfied);

(b) Subordinated Debt constituting earn-out or deferred compensation payments in respect of any Permitted Acquisition or Debt of the type permitted by **Sections 10.2.1(m), (n), (r) and (s)**, except payments made when the following conditions are satisfied:

(i) no Default or Event of Default has occurred or would result from such payment,

(ii) Average Availability for the 60 day period immediately preceding such payment calculated on a pro forma basis assuming such payment occurred on the first day of such period (including any Loans made hereunder to finance such payment) shall be greater than or equal to the greater of

(A) 15% of the aggregate Commitments and

(B) \$6,500,000,

(iii) Availability, on the date of such payment immediately after giving effect to the consummation of such payment (including any Loans made hereunder to finance such payment) shall be greater than or equal to the greater of

(A) 15% of the aggregate Commitments and

(B) \$6,500,000,

(iv) Borrowers provide Agent evidence that, after giving effect to the consummation of such payment, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a) or (b)**, as the case may be, for the twelve fiscal month period then ended,

(v) no Borrower or Guarantor will be rendered not Solvent by such payment and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of payment, that all such conditions have been satisfied);

(c) the Term Loan Debt, except regularly scheduled payments of principal, interest and fees, and prepayments (including, without limitation, the Excess Cash Flow Prepayments) but only to the extent each such prepayment is expressly permitted under the terms of the Intercreditor Agreement;

(d) Borrowed Money (other than the Obligations, the Term Loan Debt and Debt of the type permitted by **Section 10.2.1(m), (n), (r), (s) and (t)**) prior to its due date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Agent), except payments on Borrowed Money not in excess of the Dollar Equivalent of \$1,000,000 per Fiscal Year so long as no Default or Event of Default exists at the time of such payment or would result therefrom; or

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(e) Debt of the type permitted by **Section 10.2.1(t)**, except payments made when no Default or Event of Default exists at the time of such payment or would result therefrom.

**10.2.9. Fundamental Changes.** Change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; change its form or state of organization (except with respect to each of the foregoing, without giving Agent at least 30 days (or such shorter period as may be agreed to by Agent in its discretion) prior written notice thereof and complying with all reasonable requirements of Agent in regard thereto, including with respect to delivery of all documents, certificates, opinions, and information reasonably requested by Agent to maintain the validity, perfection, and priority of the security interests of Agent in the Collateral); liquidate, wind up its affairs or dissolve itself; or merge, combine, consolidate or amalgamate with any Person, whether in a single transaction or in a series of related transactions, except for (a) mergers, amalgamations or consolidations of a wholly-owned Domestic Subsidiary that is a U.S. Obligor with another wholly-owned Domestic Subsidiary that is a U.S. Obligor or with a U.S. Borrower; provided, that in the case of any merger or consolidation with a U.S. Borrower, a U.S. Borrower shall be the surviving Person; (b) mergers, amalgamations or consolidations of a wholly-owned Canadian Subsidiary that is a Canadian Guarantor with another wholly-owned Canadian Subsidiary that is a Canadian Guarantor or with Canadian Borrower; provided that in the case of any merger, amalgamation or consolidation with Canadian Borrower, Canadian Borrower shall be the surviving or continuing Person; or (c) Permitted Acquisitions.

**10.2.10. Subsidiaries.** Formor acquire any Subsidiary after the Closing Date, except in accordance with **Sections 10.1.9, 10.2.5 and 10.2.9**; or permit any existing Subsidiary to issue any additional Equity Interests except director's qualifying shares.

**10.2.11. Organic Documents.** Amend, modify or otherwise change any of its Organic Documents, except (i) in connection with a transaction permitted under **Section 10.2.9** or (ii) in a manner that could not reasonably be expected to have an adverse effect on the Lenders.

**10.2.12. Tax Consolidation.** File or consent to the filing of any consolidated income tax return with any Person other than Obligors and Subsidiaries with respect to any tax period after the 2012 Closing Date.

**10.2.13. Accounting Changes.** Make any material change in accounting treatment or reporting practices, except as allowed or required by GAAP and in accordance with **Section 1.2**; or change its Fiscal Year.

**10.2.14. Restrictive Agreements.** Become a party to any Restrictive Agreement, except a Restrictive Agreement (a) in effect on the Closing Date; (b) relating to secured Debt permitted hereunder, as long as the restrictions apply only to collateral for such Debt; or (c) constituting customary restrictions on assignment in leases and other contracts.

**10.2.15. Hedging Agreements.** Enter into any Hedging Agreement, except to hedge risks arising in the Ordinary Course of Business and not for speculative purposes.

**10.2.16. Conduct of Business.** Engage in any business, other than its business as conducted on the Closing Date, any activities reasonably related or incidental thereto, or engage in a business reasonably similar, ancillary, related or complementary thereto or that is a reasonable extension, development or expansion thereof.

10.2.17. Affiliate Transactions. Enter into or be party to any transaction with an Affiliate, except (a) transactions expressly permitted by the Loan Documents; (b) payment of reasonable compensation to officers, employees and consultants who are Affiliates, in each case for services actually rendered, and payment of customary directors' fees and indemnities (including severance and indemnification arrangements with officers and employees in the Ordinary Course of Business and participation in stock option plans and employee benefit plans and arrangements in the Ordinary Course of Business); (c) transactions solely among U.S. Borrowers or U.S. Obligor; (d) transactions solely among Canadian Obligor; (e) transactions solely among Foreign Obligor; (f) transactions solely among Non-Obligor Subsidiaries; (g) transactions with Affiliates that were consummated on or prior to the Closing Date, as shown on **Schedule 10.2.17**; (h) sales of Inventory and services between Obligor in the Ordinary Course of Business and sales of Equipment constituting Permitted Asset Dispositions, in each case, upon fair and reasonable terms; (i) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms and no less favorable than would be obtained in a comparable arm's-length transaction with a non-Affiliate; and (j) a Permitted Foreign Restructuring Transaction.

10.2.18. Plans. Become party to any Multiemployer Plan, Canadian Pension Plan or Foreign Plan, other than any in existence on the Closing Date.

10.2.19. Amendments to Term Loan Debt and Subordinated Debt

(a) Amend, supplement or otherwise modify any document, instrument or agreement relating to the Term Loan Debt; provided, however, that Obligor may amend, restate, supplement or otherwise modify any Term Loan Debt Document to the extent expressly permitted under the terms of the Intercreditor Agreement.

(b) Amend, supplement or otherwise modify any document, instrument or agreement relating to any Subordinated Debt, if such modification (i) increases the principal balance of such Debt, or increases any required payment of principal or interest; (ii) accelerates the date on which any installment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (iii) shortens the final maturity date or otherwise accelerates amortization; (iv) increases the interest rate; (v) increases or adds any material fees or material charges; (vi) (A) modifies any covenant in a manner, or (B) adds any representation, covenant or default that is more onerous or restrictive in any material respect for any Obligor or Subsidiary, or that is otherwise materially adverse to any Obligor, any Subsidiary or Lenders; or (vii) results in the Obligations not being fully benefited by the subordination provisions thereof

10.2.20. Foreign Restructuring Transactions. Consummate any Foreign Restructuring Transaction other than a Permitted Foreign Restructuring Transaction.

**10.3. Financial Covenant**. As long as any Borrower Group Commitments or Borrower Group Obligations are outstanding, Borrowers shall, during any Covenant Testing Period, demonstrate that the Fixed Charge Coverage Ratio as of the most recent fiscal month end for which financial statements have been (or were required to be) delivered hereunder for the twelve fiscal months then ended and as of each month end thereafter for the twelve months then ended was at least 1.10 to 1.00.

## **SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT**

**11.1. Events of Default**. Each of the following shall be an "Event of Default" if it occurs for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

(a) An Obligor in any Borrower Group fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any LC Obligation of such Borrower Group, or (ii) within three Business Days after the same becomes due interest on any Loan to such Borrowers within such Borrower Group, or any commitment or other fee of such Borrower Group due hereunder, or (iii) within five Business Days after the same becomes due, any other Obligation of such Borrower Group payable hereunder or under any other Loan Document;

(b) Any representation, warranty or other written statement of an Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given;

(c) An Obligor breaches or fails to (i) perform any covenant contained in **Section 7.2, 7.4, 7.6, 8.2.4, 8.2.5, 8.6.2, 10.1.1, 10.1.2, 10.2 or 10.3** or (ii) perform any covenant contained in **Section 8.1** and such breach or failure is not cured within 2 Business Days; provided, however, that such opportunity to cure shall not be available to Obligor more than 3 times during any Fiscal Year.

(d) An Obligor breaches or fails to perform any other covenant contained in any Loan Documents, and such breach or failure is not cured within 15 days after a Senior Officer of such Obligor has knowledge thereof or receives notice thereof from Agent, whichever is sooner; provided, however, that such notice and opportunity to cure shall not apply if the breach or failure to perform is not capable of being cured within such period or is a willful breach by an Obligor;

(e) A Guarantor repudiates, revokes or attempts to revoke its Guaranty; an Obligor or third party denies or contests the validity or enforceability of any Loan Documents or Obligations, or the perfection or priority of any Lien granted to Agent; or any Loan Document ceases to be in full force or effect for any reason (other than a waiver or release by Agent and Lenders);

(f) Any breach or default of an Obligor occurs under any Hedging Agreement, any Term Loan Debt Document or under any instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Debt (other than the Obligations) in excess of the Dollar Equivalent of \$2,500,000, if the maturity of or any payment with respect to such Debt may be accelerated or demanded due to such breach;

(g) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, individually or cumulatively with all unsatisfied judgments or orders against all Obligor, the Dollar Equivalent of \$2,500,000 (net of insurance coverage therefor that has not been denied by the insurer) or any material nonmonetary judgment or order is entered against an Obligor, unless a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise;

(h) A loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds the Dollar Equivalent of \$2,000,000;

(i) An Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any business that is material to the Obligor and their Subsidiaries, taken as a whole; an Obligor suffers the loss, revocation or termination of any license, permit, lease or agreement that is material to the Obligor and their Subsidiaries, taken as a whole; there is a cessation of any part of an Obligor's business that is material to the Obligor and their Subsidiaries, taken as a whole, for a material period of time; any Collateral or Property of an Obligor that is material to the Obligor and their Subsidiaries, taken as a whole, is taken or impaired through

condemnation; an Obligor agrees to or commences any liquidation, dissolution or winding up of its affairs; or an Obligor is not Solvent;

(j) An Insolvency Proceeding is commenced by an Obligor; an Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally; a Creditor Representative is appointed to take possession of any substantial Property of or to operate any of the business of an Obligor; or an Insolvency Proceeding is commenced against an Obligor and such Obligor consents to institution of the proceeding, the petition or other filing commencing the proceeding is not timely contested by such Obligor, the petition or other filing is not dismissed within 60 days after filing, or an order for relief is entered in the proceeding;

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(k)(i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of an Obligor to a Pension Plan, Multiemployer Plan or PBGC in excess of the Dollar Equivalent of \$2,500,000, or that constitutes grounds for appointment of a trustee for or termination by the PBGC of any Pension Plan or Multiemployer Plan; an Obligor or ERISA Affiliate fails to pay when due any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan if such failure could reasonably be expected to result in a liability of an Obligor in excess of the Dollar Equivalent of \$2,500,000; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan; or (ii) a Termination Event occurs with respect to a Canadian Pension Plan that has resulted or could reasonably be expected to result in a liability of any Canadian Obligor in excess of the Dollar Equivalent of \$2,500,000 and which, in Agent's determination, constitutes grounds for the termination under any Applicable Pension Legislation of any Canadian Pension Plan which provides benefits on a defined benefits basis or for the appointment by the appropriate Governmental Authority of an administrator or trustee for any Canadian Pension Plan, or if any Canadian Pension Plan shall be terminated or any such trustee shall be requested or appointed, or if any Canadian Obligor is in default with respect to payments to a Canadian Pension Plan resulting from their complete or partial withdrawal from such Canadian Pension Plan, or any Lien arises (other than for contribution amounts not yet due) in connection with any Canadian Pension Plan; provided, however, that if any of the foregoing events occurs as a result of the acts or omissions of a Person that is not an Obligor or a Subsidiary of an Obligor, such event shall not constitute an Event of Default until five days after the occurrence of such event;

(l) An Obligor or any of its Senior Officers is criminally indicted or convicted for (i) a felony committed in the conduct of the Obligor's business, or (ii) violating any state, federal, provincial or foreign law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) that could lead to forfeiture of any material Property or any Collateral;

(m) A Change of Control occurs;

(n) The indictment by any Governmental Authority as to which there is a reasonable possibility of an adverse determination, in the determination of Agent, under any criminal statute, or commencement of criminal or civil proceedings against an Obligor, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of any of the Collateral or any other property of the Obligors which is necessary or material to the conduct of their business; or

(o) For any reason any Loan Document ceases to be in full force and effect or any Lien of Agent with respect to any material portion of the Collateral intended to be secured thereby ceases to be, or is not, valid, perfected and prior to all other Liens (other than Permitted Liens) or is terminated, revoked or declared void.

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**11.2. Remedies upon Default.** If an Event of Default described in **Section 11.1(j)** occurs with respect to any Obligor, then to the extent permitted by Applicable Law, all Obligations (other than Secured Bank Product Obligations) shall become automatically due and payable and all Commitments shall terminate, without any action by Agent or notice of any kind. In addition, or if any other Event of Default exists, Agent may in its discretion (and shall upon written direction of Required Lenders) do any one or more of the following from time to time:

(a) declare any Borrower Group Obligations (other than Secured Bank Product Obligations with respect to such Borrower Group) immediately due and payable, whereupon they shall be due and payable without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Obligors to the fullest extent permitted by law;

(b) terminate, reduce or condition any Commitment, or make any adjustment to the Canadian Borrowing Base or the U.S. Borrowing Base;

(c) require Obligors within each Borrower Group to Cash Collateralize any LC Obligations, Secured Bank Product Obligations and other Borrower Group Obligations of such Borrower Group that are contingent or not yet due and payable, and, if Obligors fail promptly to deposit such Cash Collateral, Agent may (and shall upon the direction of Required Borrower Group Lenders or Required Lenders) advance the required Cash Collateral as Revolver Loans under such Borrower Group Commitment (whether or not an Overadvance under the applicable Borrowing Base exists or is created thereby, or the conditions in **Section 6** are satisfied); and

(d) exercise any other rights or remedies afforded under any agreement, by Applicable Law, including the rights and remedies of a secured party under the UCC and the PPSA. Such rights and remedies include the rights to (i) take possession of any Collateral of such Borrower Group; (ii) require Obligors within such Borrower Group to assemble Collateral of such Borrower Group, at the expense of the Obligors within such Borrower Group, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral of such Borrower Group is located and store such Collateral on such premises until sold (and if the premises are owned or leased by an Obligor within such Borrower Group, Obligors within such Borrower Group agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral of such Borrower Group in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its discretion, deems advisable. Each Obligor agrees that 10 days' notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable, and that any sale conducted on the internet or to a licensor of Intellectual Property shall be commercially reasonable. Agent may conduct sales on any Obligor's premises, without charge, and any sale may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral of such Borrower Group for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may credit bid and set off the amount of such price against the Obligations.

**11.3. License.** Each Obligor hereby grants to Agent an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person), during the existence of any Event of Default, any or all Intellectual Property owned by Obligors or for which Obligors have a right to sublicense, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral.

**11.4. Setoff.** At any time during an Event of Default, Agent, the Applicable Issuing Bank, the Applicable Lenders, and any of their Affiliates and branches are authorized, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by Agent, the Applicable Issuing Bank, such Applicable Lender or such Affiliate or branch to or for the credit or the account of an Obligor against any Borrower Group Obligations of such Borrower Group, irrespective of whether or not Agent, the Applicable Issuing Bank, such Applicable Lender or such Affiliate or branch shall have made any demand under this Agreement or any other Loan Document and although such Borrower Group Obligations may be contingent or unmatured or are owed to a branch or office of Agent, the Applicable Issuing Bank, such Applicable Lender or such Affiliate or branch different from the branch or office holding such deposit or obligated on such indebtedness. The rights of Agent, the Applicable Issuing Bank, each Applicable Lender and each

#### **11.5. Remedies Cumulative; No Waiver.**

11.5.1. Cumulative Rights. All agreements, warranties, guaranties, indemnities and other undertakings of Obligors under the Loan Documents are cumulative and not in derogation of each other. The rights and remedies of each Credit Party are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies available by agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

11.5.2. Waivers. No waiver or course of dealing shall be established by (a) the failure or delay of any Credit Party to require strict performance by Obligors with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise; (b) the making of any Loan or issuance of any Letter of Credit during a Default, Event of Default or other failure to satisfy any conditions precedent; or (c) acceptance by Agent or any Lender of any payment or performance by an Obligor under any Loan Documents in a manner other than that specified therein. It is expressly acknowledged by Obligors that any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

11.6. Judgment Currency. If, for the purpose of obtaining judgment in any court or obtaining an order enforcing a judgment, it becomes necessary to convert any amount due under this Agreement in Dollars or in any other currency (hereinafter in this **Section 11.6** called the "first currency") into any other currency (hereinafter in this **Section 11.6** called the "second currency"), then the Spot Rate shall be used as the rate of exchange for buying the first currency with the second currency prevailing at Agent's close of business on the Business Day next preceding the day on which the judgment is given or (as the case may be) the order is made. Any payment made by an Obligor to any Credit Party pursuant to this Agreement in the second currency shall constitute a discharge of the obligations of any applicable Obligors to pay to such Credit Party any amount originally due to the Credit Party in the first currency under this Agreement only to the extent of the amount of the first currency which such Credit Party is able, on the date of the receipt by it of such payment in any second currency, to purchase, in accordance with such Credit Party's normal banking procedures, with the amount of such second currency so received. If the amount of the first currency falls short of the amount originally due to such Credit Party in the first currency under this Agreement, the other Obligors within its Borrower Group agree that they will indemnify each Credit Party against and save such Credit Party harmless from any shortfall so arising. This indemnity shall constitute an obligation of each such Obligor separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due to any Credit Party under any Loan Documents or under any such judgment or order. Any such shortfall shall be deemed to constitute a loss suffered by such Credit Party and Obligors shall not be entitled to require any proof or evidence of any actual loss. If the amount of the first currency exceeds the amount originally due to a Credit Party in the first currency under this Agreement, such Credit Party shall promptly remit such excess to the Obligors in the affected Borrower Group. The covenants contained in this **Section 11.6** shall survive the Full Payment of the Obligations under this Agreement.

### **SECTION 12. AGENT**

#### **12.1. Appointment, Authority and Duties of Agent.**

12.1.1. Appointment and Authority. Each Secured Party appoints and designates Bank of America as Agent under all Loan Documents. Agent may, and each Secured Party authorizes Agent to, enter into all Loan Documents to which Agent is intended to be a party and accept all Security Documents, for the benefit of Secured Parties. Any action taken by Agent in accordance with the provisions of the Loan Documents, and the exercise by Agent of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Agent each Loan Document, including any intercreditor or subordination agreement, and accept delivery of each Loan Document; (c) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; (d) manage, supervise or otherwise deal with Collateral; and (e) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral or under any Loan Documents, Applicable Law or otherwise. The duties of Agent are ministerial and administrative in nature only, and Agent shall not have a fiduciary relationship with any Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto. Agent alone shall be authorized to determine whether any Account or Inventory constitutes an Eligible Domestic Account, an Eligible Foreign Account, Eligible Inventory or Eligible In-Transit Inventory, whether to impose or release any reserve, or whether any conditions to funding or to issuance of a Letter of Credit have been satisfied, which determinations and judgments, if exercised in good faith, shall exonerate Agent from liability to any Secured Party or other Person for any error in judgment.

12.1.2. Duties. Agent shall not have any duties except those expressly set forth in the Loan Documents. The conferral upon Agent of any right shall not imply a duty to exercise such right, unless instructed to do so by Required Lenders or Required Borrower Group Lenders in accordance with this Agreement.

12.1.3. Agent Professionals. Agent may perform its duties through agents and employees. Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

12.1.4. Instructions of Required Lenders. The rights and remedies conferred upon Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. Agent may request instructions from Required Lenders, Required Borrower Group Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents or Collateral, and may seek assurances to its satisfaction from Secured Parties of their indemnification obligations against Claims that could be incurred by Agent. Agent may refrain from any act until it has received such instructions or assurances, and shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders or Required Borrower Group Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting pursuant to instructions of Required Lenders or Required Borrower Group Lenders. Notwithstanding the foregoing, instructions by and consent of specific parties shall be required to the extent provided in **Section 14.1.1**. In no event shall Agent be required to take any action that, in its opinion, is contrary to Applicable Law or any Loan Documents or could subject any Agent Indemnitee to personal liability.

#### **12.2. Agreements Regarding Collateral and Borrower Materials**

12.2.1. **Lien Releases; Care of Collateral.** Secured Parties authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations secured by such Collateral; (b) that is the subject of a disposition or Lien that Obligors of the applicable Borrower Group certify in writing is a Permitted Asset Disposition or a Permitted Lien entitled to priority over Agent's Liens (and Agent may rely conclusively on any such certificate without further inquiry); provided, however that Obligors shall not be required to deliver such certification for (i) any individual Permitted Asset Disposition or other disposition pursuant to **Section 8.4.2** involving assets with a fair market or book value (whichever is more) of the Dollar Equivalent of \$50,000 or less or (ii) for Permitted Asset Dispositions or other dispositions pursuant to **Section 8.4.2** involving assets with a fair market or book value (whichever is more) of the Dollar Equivalent of \$250,000 or less in the aggregate during any 12 month period, and in each case Agent's Lien in the assets disposed pursuant to such dispositions shall be deemed to be released automatically without further action by Borrowers or agent; (c) that does not constitute a material part of the Collateral; or (d) subject to **Section 14.1**, with the consent of Required Borrower Group Lenders of the Borrower Group Obligations secured by such Collateral. Secured Parties authorize Agent to subordinate its Liens to any Purchase Money Lien or other Lien entitled to priority hereunder. Agent shall have no obligation to assure that any Collateral exists or is owned by an Obligor, or is cared for, protected or insured, nor to assure that Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

12.2.2. **Possession of Collateral.** Agent and Secured Parties appoint each Lender as agent (for the benefit of Secured Parties) for the purpose of perfecting Liens in any Collateral held or controlled by such Lender, to the extent such Liens are, under the UCC, the PPSA or other Applicable Law, perfected by possession or control. If any Lender obtains possession or control of any Collateral, it shall notify Agent thereof and, promptly upon Agent's request, deliver such Collateral to Agent or otherwise deal with it in accordance with Agent's instructions.

12.2.3. **Reports.** Agent shall promptly provide to Lenders, when complete, any field audit, examination or appraisal report prepared for Agent with respect to any Obligor or Collateral ("Report"). Reports and other Borrower Materials may be made available to Lenders by providing access to them on the Platform, but Agent shall not be responsible for system failures or access issues that may occur from time to time. Each Lender agrees (a) that Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing an audit or examination will inspect only specific information regarding the Obligations or Collateral and will rely significantly upon Obligors' books, records and representations; (b) that Agent makes no representation or warranty as to the accuracy or completeness of any Borrower Materials and shall not be liable for any information contained in or omitted from any Borrower Materials, including any Report; and (c) to keep all Borrower Materials confidential and strictly for such Lender's internal use, not to distribute any Report or other Borrower Materials (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants), and to use all Borrower Materials solely for administration of the Obligations. Each Lender shall indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Borrower Materials, as well as from any Claims arising as a direct or indirect result of Agent furnishing same to such Lender, via the Platform or otherwise.

12.3. **Reliance By Agent.** Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. Agent shall have a reasonable and practicable amount of time to act upon any instruction, notice or other communication under any Loan Document, and shall not be liable for any delay in acting.

12.4. **Action Upon Default.** Agent shall not be deemed to have knowledge of any Default or Event of Default, or of any failure to satisfy any conditions in **Section 6**, unless it has received written notice from an Obligor or Required Lenders specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default, Event of Default or failure of such conditions, it shall promptly notify Agent and the other Lenders thereof in writing. Each Secured Party agrees that, except as otherwise provided in any Loan Documents or with the written consent of Agent and Required Lenders, it will not take any Enforcement Action, accelerate Obligations (other than Secured Bank Product Obligations), or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC or PPSA sales or other dispositions of Collateral, or to assert any rights relating to any Collateral.

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12.5. **Ratable Sharing.** If any Applicable Lender obtains any payment or reduction of any Borrower Group Obligation, whether through set-off or otherwise, in excess of its share of such Borrower Group Obligation, determined on a Pro Rata basis or in accordance with **Section 5.6.2**, as applicable, such Applicable Lender shall forthwith purchase from Agent, the Applicable Issuing Bank and the other Applicable Lenders such participations in the affected Borrower Group Obligation as are necessary to share the excess payment or reduction on a Pro Rata basis or in accordance with **Section 5.6.2**, as applicable. If any of such payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. Notwithstanding the foregoing, if an Applicable Defaulting Lender obtains a payment or reduction of any Borrower Group Obligation, it shall immediately turn over the amount thereof to Agent for application under **Section 4.2.2** and it shall provide a written statement to Agent describing the Borrower Group Obligation affected by such payment or reduction. No Lender shall set off against any Dominion Account without Agent's prior consent.

12.6. **Indemnification.** EACH SECURED PARTY SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES AND ISSUING BANK INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY OBLIGORS, ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAYBE INCURRED BY OR ASSERTED AGAINST ANY SUCH INDEMNITEE, PROVIDED THAT ANY CLAIM AGAINST AN AGENT INDEMNITEE RELATES TO OR ARISES FROM ITS ACTING AS OR FOR AGENT (IN THE CAPACITY OF AGENT). In Agent's discretion, it may reserve for any Claims made against an Agent Indemnitee or Issuing Bank Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to Secured Parties. If Agent is sued by any Creditor Representative or other Person for any alleged preference or fraudulent transfer, then any monies paid by Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Agent by each Secured Party to the extent of its Pro Rata share.

12.7. **Limitation on Responsibilities of Agent.** Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Agent's gross negligence or willful misconduct. Agent does not assume any responsibility for any failure or delay in performance or any breach by any Obligor, Lender or other Secured Party of any obligations under the Loan Documents. Agent does not make any express or implied representation, warranty or guarantee to Secured Parties with respect to any Obligations, Collateral, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Secured Parties for any recitals, statements, information, representations or warranties contained in any Loan Documents or Borrower Materials; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectability, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectability of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Account Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance by any Obligor of any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

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## 12.8. **Successor Agent and Co-Agents**

12.8.1. **Resignation; Successor Agent.** Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any

time by giving at least 30 days written notice thereof to Lenders and Borrowers. Upon receipt of such notice, Required Lenders shall have the right to appoint a successor Agent which shall be (a) a U.S. Lender or an Affiliate of a U.S. Lender; or (b) a financial institution reasonably acceptable to Required Lenders and (provided no Default or Event of Default exists) Borrowers. If no successor agent is appointed prior to the effective date of Agent's resignation, then Agent may appoint a successor agent that is a financial institution acceptable to it, which shall be a Lender unless no Lender accepts the role. Upon acceptance by a successor Agent of its appointment hereunder, such successor Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Agent without further act, and the retiring Agent shall be discharged from its duties and obligations hereunder but shall continue to have the benefits of the indemnification set forth in **Sections 12.6 and 14.2**. Notwithstanding any Agent's resignation, the provisions of this **Section 12** shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while Agent. Any successor to Bank of America by merger or acquisition of stock or this loan shall continue to be Agent hereunder without further act on the part of any Secured Party or Obligor.

**12.8.2. Co-Collateral Agent.** It is the intent of the parties that there shall be no violation of any Applicable Law denying or restricting the right of financial institutions to transact business in any jurisdiction. If necessary or appropriate under Applicable Law, Agent may appoint a Person to serve as a co-collateral agent or separate collateral agent under any Loan Document. Each right, remedy and protection intended to be available to Agent under the Loan Document shall also be vested in such agent. Secured Parties shall execute and deliver any instrument or agreement that Agent may request to effect such appointment. If the agent shall die, dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of such agent, to the extent permitted by Applicable Law, shall vest in and be exercised by Agent until appointment of a new agent.

**12.9. Due Diligence and Non-Reliance.** Each Lender acknowledges and agrees that it has, independently and without reliance upon Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to fund Loans and participate in LC Obligations hereunder. Each Secured Party has made such inquiries as it feels necessary concerning the Loan Documents, Collateral and Obligors. Each Secured Party acknowledges and agrees that the other Secured Parties have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Secured Party will, independently and without reliance upon any other Secured Party, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Loans and participating in LC Obligations, and in taking or refraining from any action under any Loan Documents. Except for notices, reports and other information expressly requested by a Lender, Agent shall have no duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Agent or its Affiliates or branches.

#### **12.10. Remittance of Payments and Collections**

**12.10.1. Remittances Generally.** All payments by any Lender to Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Agent and request for payment is made by Agent by 11:00 a.m. on a Business Day, payment shall be made by Lender not later than 2:00 p.m. on such day, and if request is made after 11:00 a.m., then payment shall be made by 11:00 a.m. on the next Business Day. Payment by Agent to any Secured Party shall be made by wire transfer, in the type of funds received by Agent. Any such payment shall be subject to Agent's right of offset for any amounts due from such payee under the Loan Documents.

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**12.10.2. Failure to Pay.** If any Secured Party fails to pay any amount when due by it to Agent pursuant to the terms hereof, such amount shall bear interest, from the due date until paid in full, at the rate determined by Agent as customary for interbank compensation for two Business Days and thereafter at the Default Rate for U.S. Base Rate Loans (or, if a Canadian Lender and such amount is denominated in Dollars, Canadian Base Rate Loans, or, if a Canadian Lender and such amount is denominated in Canadian Dollars, Canadian Prime Rate Loans). In no event shall Borrowers be entitled to receive credit for any interest paid by a Secured Party to Agent, nor shall any Defaulting Lender be entitled to interest on any amounts held by Agent pursuant to **Section 4.2**.

**12.10.3. Recovery of Payments.** If Agent pays an amount to a Secured Party in the expectation that a related payment will be received by Agent from an Obligor and such related payment is not received, then Agent may recover such amount from the Secured Party. If Agent determines that an amount received by it must be returned or paid to an Obligor or other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, Agent shall not be required to distribute such amount to any Secured Party. If any amounts received and applied by Agent to any Obligations are later required to be returned by Agent pursuant to Applicable Law, each Lender shall pay to Agent, **on demand**, such Lender's Pro Rata share of the amounts required to be returned.

**12.11. Individual Capacities.** As a Lender, Bank of America shall have the same rights and remedies under the Loan Documents as any other Lender, and the terms "Lenders," "Required Lenders," "Required Borrower Group Lenders" or any similar term shall include Bank of America in its capacity as a Lender. Agent, Lenders and their Affiliates may accept deposits from, lend money to, provide Bank Products to, act as financial or other advisor to, and generally engage in any kind of business with, Obligors and their Affiliates, as if they were not Agent or Lenders hereunder, without any duty to account therefor to any Secured Party. In their individual capacities, Agent, Lenders and their Affiliates and branches may receive information regarding Obligors, their Affiliates and their Account Debtors (including information subject to confidentiality obligations), and shall have no obligation to provide such information to any Secured Party.

**12.12. Titles.** Each Lender, other than Bank of America, that is designated (on the cover page of this Agreement or otherwise) by Bank of America as an "Arranger," "Bookrunner" or "Agent" of any type shall have no right, power or duty under any Loan Documents other than those applicable to all Lenders, and shall in no event have any fiduciary duty to any Secured Party.

**12.13. Bank Product Providers.** Each Secured Bank Product Provider, by delivery of a notice to Agent of a Bank Product, agrees to be bound by **Section 5.6** and this **Section 12**. Each Secured Bank Product Provider shall indemnify and hold harmless Agent Indemnitees, to the extent not reimbursed by Obligors, against all Claims that may be incurred by or asserted against any Agent Indemnitee in connection with such provider's Secured Bank Product Obligations.

**12.14. No Third Party Beneficiaries.** This **Section 12** is an agreement solely among Secured Parties and Agent, and shall survive Full Payment of the Obligations. This **Section 12** does not confer any rights or benefits upon Obligors or any other Person. As between Obligors and Agent, any action that Agent may take under any Loan Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by Secured Parties.

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#### **12.15. Solidary Interests/Quebec Liens (Hypothecs).**

(a) For the purposes of creating a solidarité active in accordance with Article 1541 of the Civil Code of Quebec between each Secured Party, taken individually, on the one hand, and Agent, on the other hand, each Obligor granting a Lien (hypothec) to Agent under the Civil Code of Quebec and each such Secured Party acknowledges and agrees with Agent that such Secured Party and Agent are hereby conferred the legal status of solidary creditors of each such Obligor in respect of all indebtedness, liabilities and other obligations, present and future, owed by each such Obligor to Agent and such Secured Party hereunder and under the other Loan Documents (collectively, the "Solidary Claim") and that, accordingly, but subject (for the avoidance of doubt) to Article 1542 of the Civil Code of Quebec, each such Obligor is irrevocably

bound towards Agent and each Secured Party in respect of the entire Solidary Claim of Agent and such Secured Party. As a result of the foregoing, the parties hereto acknowledge that Agent and each Secured Party shall at all times have a valid and effective right of action for the entire Solidary Claim of Agent and such Secured Party and the right to give full acquittance for it. Accordingly, and without limiting the generality of the foregoing, Agent, as solidary creditor with each Secured Party, shall at all times have a valid and effective right of action in respect of the Solidary Claim and the right to give a full acquittance for same. By its execution of the Loan Documents to which it is a party, each such Obligor not a party hereto shall also be deemed to have accepted the stipulations hereinabove provided. The parties further agree and acknowledge that such Liens (hypothechs) under the Loan Documents shall be granted to Agent, for its own benefit and for the benefit of Secured Parties, as solidary creditor as hereinabove set forth.

(b) In addition, and without limiting any of the foregoing, for greater certainty, and without limiting the powers of Agent, for the purposes of holding any hypothec granted to the Attorney (as defined below) pursuant to the laws of the Province of Quebec to secure the prompt payment and performance of any and all Obligations by any Obligor, each of the Secured Parties hereby irrevocably appoints and authorizes Agent and, to the extent necessary, ratifies the appointment and authorization of Agent, to act as the hypothecary representative of the present and future creditors as contemplated under Article 2692 of the Civil Code of Quebec (in such capacity, the "Attorney"), and to enter into, to take and to hold on their behalf, and for their benefit, any hypothec, and to exercise such powers and duties that are conferred upon the Attorney under any related deed of hypothec. The Attorney shall: (i) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to the Attorney pursuant to any such deed of hypothec and applicable law, and (ii) benefit from and be subject to all provisions hereof with respect to Agent mutatis mutandis, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Secured Parties and the Obligors. Any person who becomes a Secured Party shall, by its execution of an Assignment and Acceptance, be deemed to have consented to and confirmed the Attorney as the person acting as hypothecary representative holding the aforesaid hypothecs as aforesaid and to have ratified, as of the date it becomes a Secured Party, all actions taken by the Attorney in such capacity. The substitution of Agent pursuant to the provisions of this **Section 12** also constitutes the substitution of the Attorney. Agent acting as the Attorney shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favor of Agent in this Agreement, which shall apply mutatis mutandis to Agent acting as the Attorney.

## **SECTION 13. BENEFIT OF AGREEMENT; ASSIGNMENTS**

**13.1. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of Obligors, Agent, Lenders, Secured Parties, and their respective successors and assigns, except that (a) no Obligor shall have the right to assign its rights or delegate its obligations under any Loan Documents; and (b) any assignment by a Lender must be made in compliance with **Section 13.3**. Agent may treat the Person which made any Loan as the owner thereof for all purposes until such Person makes an assignment in accordance with **Section 13.3**. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

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### **13.2. Participations.**

**13.2.1. Permitted Participants; Effect.** Subject to **Section 13.3.3**, any Lender may sell to a financial institution ("Participant") a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, it shall remain solely responsible to the other parties hereto for performance of such obligations, it shall remain the holder of its Loans and Commitments for all purposes, all amounts payable by Borrowers shall be determined as if it had not sold such participating interests, and Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant with respect to U.S. Direct Obligations that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of **Section 5.9** unless U.S. Borrowers agree otherwise in writing.

**13.2.2. Voting Rights.** Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of a Loan Document other than that which forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to any Loan or Commitment in which such Participant has an interest, postpones the Commitment Termination Date or any date fixed for any regularly scheduled payment of principal, interest or fees on such Loan or Commitment, or releases any Borrower, Guarantor or substantially all Collateral.

**13.2.3. Benefit of Set-Off.** Borrowers agree that each Participant shall have a right of set-off in respect of its participating interest to the same extent as if such interest were owned directly to a Lender, and each Lender shall also retain the right of set-off with respect to any participating interests sold by it. By exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with **Section 12.5** as if such Participant were a Lender.

**13.2.4. Participant Register.** Each Lender that sells a participation shall, acting as a non-fiduciary agent of Borrowers (solely for tax purposes), maintain a register in which it enters the Participant's name, address and interest in Commitments, Loans (and stated interest) and LC Obligations. Entries in the register shall be conclusive, absent manifest error, and such Lender shall treat each Person recorded in the register as the owner of the participation for all purposes, notwithstanding any notice to the contrary. No Lender shall have an obligation to disclose any information in such register except to the extent necessary to establish that a Participant's interest is in registered form under the Code.

### **13.3. Assignments.**

**13.3.1. Permitted Assignments.** A Lender may assign to an Eligible Assignee any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount of the Dollar Equivalent of \$5,000,000 (unless otherwise agreed by Agent in its discretion) and integral multiples of the Dollar Equivalent of \$1,000,000 in excess of that amount; (b) except in the case of an assignment in whole of a Lender's rights and obligations, the aggregate amount of the Commitments retained by the transferor Lender is at least the Dollar Equivalent of \$5,000,000 (unless otherwise agreed by Agent in its discretion); (c) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance; and (d) unless such requirement is waived by Agent, after giving effect to such assignment, the transferor Lender's Pro Rata share of the Borrower Group Commitments with respect to U.S. Borrowers shall be the same as such Lender's (or its Affiliate or branch which is a Canadian Qualified Lender) Pro Rata share of the Borrower Group Commitments with respect to Canadian Borrower. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to secure obligations of such Lender, including a pledge or assignment to a Federal Reserve Bank; provided, however, that no such pledge or assignment shall release the Lender from its obligations hereunder nor substitute the pledge or assignee for such Lender as a party hereto.

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**13.3.2. Effect; Effective Date.** Upon delivery to Agent of an assignment notice in the form of **Exhibit B** and a processing fee of \$3,500 (unless otherwise agreed by Agent in its discretion), the assignment shall become effective as specified in the notice, if it complies with this **Section 13.3**. From such effective date, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Agent and Borrowers shall make appropriate arrangements for issuance of replacement and/or new notes, if applicable. The transferee Lender

shall comply with **Section 5.10** and deliver, upon request, an administrative questionnaire satisfactory to Agent.

13.3.3. Certain Assignees. No assignment or participation may be made to an Obligor, Affiliate of an Obligor, Defaulting Lender or natural person. Any assignment by a Defaulting Lender shall be effective only upon payment by the Eligible Assignee or Defaulting Lender to Agent of an aggregate amount sufficient, upon distribution (through direct payment, purchases of participations or other compensating actions as Agent deems appropriate), to satisfy all funding and payment liabilities then owing by the Defaulting Lender hereunder. If an assignment by a Defaulting Lender shall become effective under Applicable Law for any reason without compliance with the foregoing sentence, then the assignee shall be deemed a Defaulting Lender for all purposes until such compliance occurs.

13.3.4. Register. Agent, acting as a non-fiduciary agent of the applicable Borrower Group (solely for tax purposes), shall maintain (a) a copy of each Assignment and Acceptance delivered to it, and (b) a register for recordation of the names, addresses and Commitments of, and the Loans, interest and LC Obligations owing to, each Lender. Entries in the register shall be conclusive, absent manifest error, and Obligors, Agent and Lenders shall treat each lender recorded in such register as a Lender for all purposes under the Loan Documents, notwithstanding any notice to the contrary. The register shall be available for inspection by Obligors or any Lender, from time to time upon reasonable notice.

13.4. Replacement of Certain Lenders. If a Lender (a) fails to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, (b) is a Defaulting Lender, or (c) within the last 120 days gave a notice under **Section 3.5** or requested payment or compensation under **Section 3.7** or **5.9** (and has not designated a different Lending Office pursuant to **Section 3.8**), then, in addition to any other rights and remedies that any Person may have, Agent or Borrower Agent may, by notice to such Lender within 120 days after such event, require such Lender to assign all of its rights and obligations under the Loan Documents to Eligible Assignee(s), pursuant to appropriate Assignment and Acceptance(s), within 20 days after the notice. Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute it. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents through the date of assignment.

## **SECTION 14. MISCELLANEOUS**

### **14.1. Consents, Amendments and Waivers.**

14.1.1. Amendment. No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Agent (with the consent of Required Lenders or, to the extent specifically provided in a Loan Document, Required Borrower Group Lenders, or to the extent a waiver or amendment otherwise uniquely and predominately affects the Canadian Obligors, the Canadian Obligations, the Canadian Borrowing Base, the Canadian Collateral or the Borrower Group Commitments of Canadian Lenders, only the Required Canadian Borrower Group Lenders shall be required to so consent) and each Obligor party to such Loan Document; provided, however, that

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(a) without the prior written consent of Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of Agent;

(b) without the prior written consent of Issuing Banks, no modification shall be effective with respect to any LC Obligations, **Section 2.3** or any other provision in a Loan Document that relates to any rights, duties or discretion of Issuing Banks;

(c) without the prior written consent of each affected Lender, including a Defaulting Lender, no modification shall be effective that would (i) increase the Commitment of such Lender; (ii) reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender (except as provided in **Section 4.2**); (iii) extend the Revolver Termination Date applicable to such Lender's Obligations; or (iv) amend this clause (c);

(d) without the prior written consent of all Lenders (except any Defaulting Lender), no modification shall be effective that would (i) alter **Section 5.6.2, 7.1** (except to add Collateral) or **14.1.1**; (ii) amend the definition of Borrowing Base (or any defined term used in such definition), U.S. Borrowing Base (or any defined term used in such definition), Pro Rata or Required Lenders; (iii) increase any advance rate under the U.S. Borrowing Base or the Canadian Borrowing Base; (iv) release all or substantially all Collateral; or (v) except in connection with a merger, disposition or similar transaction expressly permitted hereby, release any Obligor from liability for any Obligations;

(e) without the prior written consent of all Canadian Lenders (except a Defaulting Lender as provided in **Section 4.2** and except for any reallocation of Borrower Group Commitments contemplated by **Section 2.1.6**), no modification shall be effective that would amend the definition of Canadian Borrowing Base (or any defined term used in such definition) or Required Borrower Group Lenders, increase the advance rate to Canadian Borrower or increase the total Borrower Group Commitments to Canadian Borrower;

(f) without the prior written consent of Borrowers, Agent and Affected Lenders (as defined herein), no modification shall be effective to reallocate a portion of a U.S. Lender's Borrower Group Commitment to U.S. Borrowers to its (or its Affiliate's or branch's) Borrower Group Commitment to Canadian Borrower or vice versa (such U.S. Lender and its affiliated Canadian Lender being referred to in this clause (f) as an "Affected Lender"). For the avoidance of doubt, the parties hereto acknowledge and agree that no other party hereto shall be required to consent to any such reallocation or any amendment to this Agreement or any other Loan Document giving effect to any such reallocation; and

(g) without the prior written consent of a Secured Bank Product Provider, no modification shall be effective that affects its relative payment priority under **Section 5.6.2**.

14.1.2. Limitations. The agreement of Obligors shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Lenders, Agent and/or Issuing Bank as among themselves. Only the consent of the parties to any agreement relating to fees or a Bank Product shall be required for modification of such agreement, and no Bank Product Provider (in such capacity) shall have any right to consent to modification of any Loan Document other than its Bank Product agreement. Any waiver or consent granted by Agent or Lenders hereunder shall be effective only if in writing and only for the matter specified.

14.1.3. Payment for Consents. No Borrower within a Borrower Group will, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender to such Borrower Group (in its capacity as a Lender to such Borrower Group hereunder) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

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### **14.2. Indemnity.**



14.2.1. **EACH OBLIGOR WITHIN A BORROWER GROUP SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES PROVIDING CREDIT TO OR OTHERWISE REPRESENTING OR ACTING ON BEHALF OF ANY INDEMNITEES PROVIDING CREDIT TO SUCH BORROWER GROUP AGAINST ANY CLAIMS THAT MAYBE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ASSERTED BY ANY OBLIGOR OR OTHER PERSON OR ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE ; provided** that in no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

14.2.2. U.S. Borrowers shall be deemed to have given the foregoing indemnity set forth in **Section 14.2.1** with respect to all Claims against any Indemnitees and, without limiting the foregoing, U.S. Borrowers agree, jointly and severally, to indemnify and defend the Indemnitees and hold the Indemnitees harmless from and against any and all Claims that may be instituted or asserted against or incurred by any of the Indemnitees. In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

14.2.3. If and to the extent that any Claim is asserted against any Indemnitee and such Claim is not attributed solely to any transaction or occurrence arising out of or related to a Borrower Group or the obligations incurred or, repayments made by or Collateral or such Borrower Group, or a Borrower within a Borrower Group disputes its liability for any Claim, then, in any such event, all Borrowers shall jointly and severally indemnify and defend the Indemnitees and hold them harmless from and against any and all such Claims; **provided** that in no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.

#### **14.3. Notices and Communications.**

14.3.1. **Notice Address.** Subject to **Section 4.1.4**, all notices and other communications by or to a party hereto shall be in writing and shall be given to any Obligor, at Borrower Agent's address shown on the signature pages hereof, and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this **Section 14.3**. Each communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the U.S. (or, if applicable, Canadian) mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Notwithstanding the foregoing, no notice to Agent pursuant to **Sections 2.1.6, 2.3, 3.1.2 or 4.1.1** shall be effective until actually received by the individual to whose attention at Agent such notice is required to be sent. Any written communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Borrower Agent shall be deemed received by all Obligors.

14.3.2. **Electronic Communications; Voice Mail.** Electronic mail and internet websites may be used only for routine communications, such as delivery of Borrower Materials, administrative matters, distribution of Loan Documents, and matters permitted under **Section 4.1.4**. Agent and Lenders make no assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

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14.3.3. **Platform.** Borrower Materials shall be delivered pursuant to procedures approved by Agent, including electronic delivery (if possible) upon request by Agent to an electronic system maintained by Agent ("**Platform**"). Borrowers (or other Obligors, if applicable) shall notify Agent of each posting of Borrower Materials on the Platform and the materials shall be deemed received by Agent only upon its receipt of such notice. Borrower Materials and other information relating to this credit facility may be made available to Lenders on the Platform. The Platform is provided "as is" and "as available." Agent does not warrant the accuracy or completeness of any information on the Platform nor the adequacy or functioning of the Platform, and expressly disclaims liability for any errors or omissions in the Borrower Materials or any issues involving the Platform. 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 AGENT WITH RESPECT TO BORROWER MATERIALS OR THE PLATFORM. Lenders acknowledge that Borrower Materials may include material non-public information of Obligors and should not be made available to any personnel who do not wish to receive such information or who may be engaged in investment or other market-related activities with respect to any Obligor's securities. No Agent Indemnitee shall have any liability to Obligors, Lenders or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) relating to use by any Person of the Platform or delivery of Borrower Materials and other information through the Platform.

14.3.4. **Public Information.** Obligors and Secured Parties acknowledge that "public" information may not be segregated from material non-public information on the Platform. Secured Parties acknowledge that Borrower Materials may include Obligors' material non-public information, and should not be made available to personnel who do not wish to receive such information or may be engaged in investment or other market-related activities with respect to an Obligor's securities.

14.3.5. **Non-Conforming Communications.** Agent and Lenders may rely upon any communications purportedly given by or on behalf of any Obligor even if they were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Obligor shall indemnify and hold harmless each Indemnitee from any liabilities, losses, costs and expenses arising from any electronic or telephonic communication purportedly given by or on behalf of an Obligor.

14.4. **Performance of Borrowers' Obligations.** Agent may, in its discretion at any time and from time to time, at the expense of Borrowers within the applicable Borrower Group, pay any amount or do any act required of an Obligor within such Borrower Group under any Loan Documents or otherwise lawfully requested by Agent to (a) enforce any Loan Documents or collect any Borrower Group Obligations of such Borrower Group; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity or priority of Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Agent under this Section shall be reimbursed to Agent by Borrowers within the Applicable Borrower Group, **on demand**, with interest from the date incurred until paid in full, at the Default Rate applicable to U.S. Base Rate Loans (or, if amounts constituting Canadian Obligations denominated in Dollars, Canadian Base Rate Loans or, if amounts constituting Canadian Obligations denominated in Canadian Dollars, Canadian Prime Rate Loans). Any payment made or action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

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14.5. **Credit Inquiries.** Each Credit Party may (but shall have no obligation to) respond to usual and customary credit inquiries from third parties concerning any Obligor or Subsidiary.

14.6. **Severability.** Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If

any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

**14.7. Cumulative Effect; Conflict of Terms.** The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

**14.8. Counterparts; Execution.** Any Loan Document may be executed in 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 Agent has received counterparts bearing the signatures of all parties hereto. Agent may (but shall have no obligation to) accept any signature, contract formation or record-keeping through electronic means, which shall have the same legal validity and enforceability as manual or paper-based methods, to the fullest extent permitted by Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any similar state law based on the Uniform Electronic Transactions Act. Upon request by Agent, any electronic signature or delivery shall be promptly followed by a manually executed or paper document.

**14.9. Entire Agreement.** Time is of the essence with respect to all Loan Documents and Obligations. This Agreement and the other Loan Documents are intended by the Obligors, Agent and Lender to be the final, complete and exclusive expression of the agreement between them. Except to the extent otherwise provided in **Section 14.19**, this Agreement and the other Loan Documents supersede all prior oral or written agreements among the parties relating to the subject matter thereof.

**14.10. Relationship with Lenders.** The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or Commitments of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt. It shall not be necessary for Agent or any other Lender to be joined as an additional party in any proceeding for such purposes. Nothing in this Agreement and no action of Agent, Lenders or any other Secured Party pursuant to the Loan Documents or otherwise shall be deemed to constitute Agent and any Secured Party to be a partnership, joint venture or similar arrangement, nor to constitute control of any Obligor.

**14.11. No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated by any Loan Document, Obligors acknowledge and agree that (a)(i) this credit facility and any related arranging or other services by Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Obligors and such Person; (ii) Obligors have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Obligors are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) each of Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Obligors, any of their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Loan Documents except as expressly set forth therein; and (c) Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Obligors and their Affiliates, and have no obligation to disclose any of such interests to Obligors or their Affiliates. To the fullest extent permitted by Applicable Law, each Obligor hereby waives and releases any claims that it may have against Agent, Lenders, their Affiliates and any arranger with respect to any breach of agency or fiduciary duty in connection with any transaction contemplated by a Loan Document.

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**14.12. Confidentiality.** Each of Agent, Lenders and Issuing Banks shall maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, branches and to its and their partners, directors, officers, employees, agents, advisors and representatives (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process provided that it has used reasonable efforts to give the owner of such Information an opportunity to obtain a protective order; (d) to any other party hereto; (e) in connection with any action or proceeding relating to any Loan Documents or Obligations; (f) subject to an agreement containing provisions substantially the same as this Section, to any Transferee or any actual or prospective party (or its advisors) to any Bank Product; (g) with the consent of Borrower Agent; (h) on a confidential basis to a provider of a Platform; or (i) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) is available to Agent, any Lender, any Issuing Bank or any of their Affiliates and branches on a nonconfidential basis from a source other than Obligors. Notwithstanding the foregoing, Agent and Lenders may publish or disseminate general information concerning this credit facility for league table, tombstone and advertising purposes, and may use Obligors' logos, trademarks or product photographs in advertising materials with Borrower Agent's permission, which shall not be unreasonably withheld. As used herein, "Information" means all information received from an Obligor or Subsidiary relating to it or its business that is identified as confidential when delivered. Any Person required to maintain the confidentiality of Information pursuant to this Section shall be deemed to have complied if it exercises a degree of care similar to that which it accords its own confidential information. Each of Agent, Lenders and Issuing Banks acknowledges that (i) Information may include material non-public information; (ii) it has developed compliance procedures regarding the use of material non-public information; and (iii) it will handle such material non-public information in accordance with Applicable Law.

**14.13. Lender Loss Sharing Agreement**

(a) **Definitions.** As used in this **Section 14.13**, the following terms shall have the following meanings:

(i) **CAM:** shall mean the mechanism for the allocation and exchange of interests in the Loans, participations in Letters of Credit and collections established in **Section 14.13(b)**.

(ii) **CAM Exchange:** shall mean the exchange of the U.S. Lenders' interests and the Canadian Lenders' interests provided for in **Section 14.13(b)**.

(iii) **CAM Exchange Date:** shall mean the first date after the Closing Date on which there shall occur (a) any event described in **Section 11.1(j)** with respect to any Borrower or (b) an acceleration of Loans and termination of the Commitments pursuant to **Section 11.2** of this Agreement.

(iv) **CAM Percentage:** as to each Lender, a fraction, (A) the numerator of which shall be the aggregate amount of such Lender's Commitments immediately prior to the CAM Exchange Date and the termination of the Commitments, and (B) the denominator of which shall be the amount of the Commitments of all the Lenders immediately prior to the CAM Exchange Date and the termination of the Commitments.

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(v) **Designated Obligations:** shall mean all Obligations of the Borrowers with respect to (A) principal and interest under the U.S. Revolver Loans, Canadian Revolver Loans, Swingline Loans, Overadvance Loans and Protective Advances, (B) unreimbursed drawings under Letters of Credit and interest thereon, and (C) fees under **Section 3.2** of this Agreement.

(vi) Revolving Facilities: shall mean the facilities established for the U.S. Revolver Loans and the Canadian Revolver Loans, and Revolving Facility means any one of such revolving facilities.

(b) CAM Exchange.

(i) On the CAM Exchange Date,

(A) the Borrower Group Commitments for U.S. Revolver Loans and the Borrower Group Commitments for Canadian Revolver Loans shall have terminated in accordance with **Section 11.2** of this Agreement,

(B) each U.S. Lender shall fund its participation in any outstanding U.S. Swingline Loans and U.S. Protective Advances in accordance with **Sections 4.1.3** and **2.1.8** of this Agreement, and each Canadian Lender shall fund its participation in any outstanding Canadian Swingline Loans and Canadian Protective Advances in accordance with **Sections 4.1.3** and **2.1.8** of this Agreement.

(C) each U.S. Lender shall fund its participation in any unreimbursed drawings made under the applicable U.S. Letters of Credit pursuant to **Section 2.3.2** of this Agreement, and each Canadian Lender shall fund its participation in any unreimbursed drawings made under the applicable Canadian Letters of Credit pursuant to **Section 2.3.2** of this Agreement.

(D) the Lenders shall purchase in Dollars (with any amounts to be purchased not initially denominated in Dollars, converted to Dollars at the Spot Rate at par interests in the Designated Obligations under each Revolving Facility (and shall make payments to Agent for reallocation to other Lenders to the extent necessary to give effect to such purchases) and shall assume the obligations to reimburse the Issuing Banks for unreimbursed drawings under outstanding Letters of Credit under such Revolving Facility such that, in lieu of the interests of each Lender in the Designated Obligations under Borrower Group Commitments for U.S. Revolver Loans and the Borrower Group Commitments for Canadian Revolver Loans in which it shall participate immediately prior to the CAM Exchange Date, such Lender shall own an interest equal to such Lender's CAM Percentage in each component of the Designated Obligations immediately following the CAM Exchange.

(ii) Each Lender and each Person acquiring a participation from any Lender as contemplated by **Section 13.2** of this Agreement hereby consents and agrees to the CAM Exchange. Each Borrower agrees from time to time to execute and deliver to the Lenders all such promissory notes and other instruments and documents as Agent shall reasonably request to evidence and confirm the respective interests and obligations of the Lenders after giving effect to the CAM Exchange, and each Lender agrees to surrender any promissory notes originally received by it in connection with its Loans under this Agreement to Agent against delivery of any promissory notes so executed and delivered; provided, that the failure of any Lender to deliver or accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

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(iv) As a result of the CAM Exchange, from and after the CAM Exchange Date, each payment received by Agent pursuant to any Loan Document in respect of any of the Designated Obligations shall be distributed to the Lenders, pro rata in accordance with their respective CAM Percentages.

(v) In the event that on or after the CAM Exchange Date, the aggregate amount of the Designated Obligations shall change as a result of the making of a disbursement under a Letter of Credit by any Issuing Bank that is not reimbursed by the U.S. Borrowers or the Canadian Borrower, as applicable, then each Lender shall promptly reimburse such Issuing Bank for its CAM Percentage of such unreimbursed payment.

Notwithstanding any other provision of this Agreement, Agent and the Lenders each agrees that if Agent or any Lender is required under Applicable Law to withhold, remit or deduct any taxes or other amounts from payments made by it hereunder or as a result hereof, such Person shall be entitled to withhold, remit or deduct such amounts and pay over such taxes or other amounts to the applicable Governmental Authority imposing such tax without any other obligation of gross up or offset with respect thereto and there shall be no recourse whatsoever by Agent or the Lenders subject to such withholding, deduction or remittance to Agent or any Lenders making such withholding, deduction or remittance and paying over such amounts, but without diminution of the rights of Agent or such Lenders subject to such withholding, deduction or remittance as against the Borrowers and the other Obligors to the extent (if any) provided in this Agreement and the other Loan Documents. Any amounts so withheld, remitted or deducted shall be treated as, for the purpose of this **Section 14.13**, having been paid to Agent or such Lenders with respect to which such withholding, remittance or deduction was made. The intent of this provision is to allocate risk among the Lenders and not to increase the liability of any Borrower hereunder.

**14.14. GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS).**

**14.15. Consent to Forum; Bail-In of EEA Financial Institutions.**

14.15.1 Forum. EACH OBLIGOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN NEW YORK COUNTY, NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH OBLIGOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 14.3.1. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

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14.15.2 Other Jurisdictions. Nothing herein shall limit the right of Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Agent of any judgment or order obtained in any forum or jurisdiction.

14.15.3 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among the parties, each party hereto (including each Secured Party) acknowledges that any liability arising under a Loan Document of any Secured Party that is an EEA Financial Institution, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA 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 an EEA Resolution Authority to any such liabilities arising under any Loan Documents which may be payable to it by any Secured Party that is an EEA Financial Institution; and (b) the effects of any Bail-in Action on any such liability, including (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 EEA 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 any 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 EEA Resolution Authority.

14.15.4 **Judicial Reference.** If any action, litigation or proceeding relating to any Obligations or Loan Documents is filed in a court sitting in or applying the laws of California, the court shall, and is hereby directed to, make a general reference pursuant to Cal. Civ. Proc. Code §638 to a referee (who shall be an active or retired judge) to hear and determine all issues in the case (whether fact or law) and to report a statement of decision. Nothing in this Section shall limit any right of Agent or any other Secured Party to exercise self-help remedies, such as setoff, foreclosure or sale of Collateral, or to obtain provisional or ancillary remedies from a court of competent jurisdiction before, during or after any judicial reference. The exercise of a remedy does not waive the right of any party to require judicial reference.

14.16. **Waivers by Obligors.** To the fullest extent permitted by Applicable Law, each Obligor waives (a) the right to trial by jury (which Agent and each Lender hereby also waives) in any proceeding or dispute of any kind relating in any way to any Loan Documents, Obligations or Collateral; (b) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, documents, instruments, chattel paper and guaranties at any time held by Agent on which an Obligor may in any way be liable, and hereby ratifies anything Agent may do in this regard; (c) notice prior to taking possession or control of any Collateral; (d) any bond or security that might be required by a court prior to allowing Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisal and exemption laws; (f) any claim against Agent, Issuing Bank or any Lender, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (g) notice of acceptance hereof. Each Obligor acknowledges that the foregoing waivers are a material inducement to Agent, Issuing Bank and Lenders entering into this Agreement and that they are relying upon the foregoing in their dealings with Obligors. Each Obligor has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

14.17. **PATRIOT Act Notice.** Agent and Lenders hereby notify Obligors that pursuant to the PATRIOT Act, Agent and Lenders are required to obtain, verify and record information that identifies each Obligor, including its legal name, address, tax ID number and other information that will allow Agent and Lenders to identify it in accordance with the PATRIOT Act. Agent and Lenders will also require information regarding each personal guarantor, if any, and may require information regarding Obligors' management and owners, such as legal name, address, social security number and date of birth. Borrowers shall, promptly upon request, provide all documentation and other information as Agent, Issuing Bank or any Lender may request from time to time in order to comply with any obligations under any "know your customer," anti-money laundering or other requirements of Applicable Law.

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#### 14.18. **Canadian Anti-Money Laundering Legislation**

(a) Each Canadian Obligor acknowledges that, pursuant to the Proceeds of Crime Act, Canadian Anti-Money Laundering & Anti-Terrorism Legislation, Canadian Economic Sanctions and Export Control Laws and "know your client" policies, regulations, laws or rules (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders may be required to obtain, verify and record information regarding the Canadian Obligors and their respective directors, authorizing signing officers, direct or indirect shareholders or other Persons in control of the Canadian Obligors, and the transactions contemplated hereby. Each Canadian Obligor shall promptly (and, in any event, within ten (10) Business Days after request therefor) provide all such information, including supporting documentation and other evidence, as may be reasonably requested in writing by any Lender or any prospective assignee or participant of a Lender, any Issuing Bank or Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If Agent has ascertained the identity of any Canadian Obligor or any authorized signatories of any Canadian Obligor for the purposes of applicable AML Legislation, then Agent:

- (i) shall be deemed to have done so as an agent for each Canadian Lender and this Agreement shall constitute a "written agreement" in such regard between each Canadian Lender and Agent within the meaning of the applicable AML Legislation; and
- (ii) shall provide to each Canadian 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 Canadian Lender agrees that Agent has no obligation to ascertain the identity of the Canadian Obligors or any authorized signatories of the Canadian Obligors on behalf of any Canadian Lender, or to confirm the completeness or accuracy of any information it obtains from any Canadian Obligor or any such authorized signatory in doing so.

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14.19. **Amendment and Restatement.** This Agreement amends and restates and supersedes the Existing Loan Agreement in its entirety. All rights, benefits, indebtedness, interests, liabilities and obligations of the parties to the Existing Loan Agreement and the agreements, documents and instruments executed and delivered in connection with the Existing Loan Agreement (collectively, the "Existing Loan Documents") are hereby renewed, amended, restated and superseded in their entirety according to the terms and provisions set forth herein and in the other Loan Documents. This Agreement does not constitute, nor shall it result in, a waiver of or release, discharge or forgiveness of any amount payable pursuant to the Existing Loan Documents or any indebtedness, liabilities or obligations of Obligors thereunder, all of which are renewed and continued and are hereafter payable and to be performed in accordance with this Agreement and the other Loan Documents. Neither this Agreement nor any other Loan Document extinguishes the indebtedness or liabilities outstanding in connection with the Existing Loan Documents, nor do they constitute a novation with respect thereto. All security interests, pledges, assignments and other Liens previously granted by any Obligor pursuant to the Existing Loan Documents are hereby renewed and continued, and all such security interests, pledges, assignments and other Liens shall remain in full force and effect as security for the Obligations except as modified by the provisions hereof. Amounts in respect of interest, fees and other amounts payable to or for the account of Agents, Issuing Bank and Lenders shall be calculated (i) in accordance with the provisions of the Existing Loan Agreement with respect to any period (or a portion of any period) ending prior to the Closing Date, and (ii) in accordance with the provisions of this Agreement with respect to any period (or a portion of any period) commencing on or after the Closing Date.

[Remainder of page intentionally left blank; signatures begin on following page]

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IN WITNESS WHEREOF, this Agreement has been executed and delivered under seal as of the date set forth above.

**U.S. BORROWERS:**

**MAUI ACQUISITION CORP.**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President and Secretary

Address: Maui Acquisition Corp.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien, President  
Gray Hudkins, Vice President  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**SAFARILAND, LLC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

Address: Safariland, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

**SAFARILAND GLOBAL SOURCING, LLC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

Address: Safariland Global Sourcing, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**HORSEPOWER, LLC**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Horsepower, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

**MUSTANG SURVIVAL HOLDINGS, INC.**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Mustang Survival Holdings, Inc.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**MUSTANG SURVIVAL, INC.**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Mustang Survival, Inc.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

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**MUSTANG SURVIVAL MFG, INC.**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Mustang Survival Mfg, Inc.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**MED-ENG, LLC**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Med-Eng, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

---

**TACTICAL COMMAND INDUSTRIES, INC.**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Tactical Command Industries, Inc.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**SENCAN HOLDINGS, LLC**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Sencan Holdings, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

**ATLANTIC TACTICAL, INC.**

By: /s/ JULIO SALVADOR  
Name: **Julio Salvador**  
Title: Secretary

Address: Atlantic Tactical, Inc.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**ATLANTIC TACTICAL OF NEW JERSEY INC.**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President



Address: Atlantic Tactical of New Jersey Inc.  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
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Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

---

**VIEVU, LLC**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Viewu, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**LAWMEN'S DISTRIBUTION, LLC**

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

Address: Lawmen's Distribution, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

---

**SAFARILAND DISTRIBUTION, LLC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

Address: Safariland Distribution, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**ROGERS HOLSTER CO., LLC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

Address: Rogers Holster Co., LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

**HOLSTEROPS, LLC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

Address: HolsterOps, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017

Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

**UNITED UNIFORM DISTRIBUTION, LLC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**  
Title: Vice President

Address: United Uniform Distribution, LLC  
13386 International Parkway  
Jacksonville, Florida 32218  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

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**CANADIAN BORROWER:**

**MUSTANG SURVIVAL ULC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**  
Title: Vice President

Address: Mustang Survival ULC  
7525 Lowland Drive  
Burnaby, British Columbia V5J 5L1  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

---

**CANADIAN GUARANTOR:**

**MED-ENG HOLDINGS ULC**

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

Address: Med-Eng Holdings ULC  
St. Laurent Boulevard  
Ottawa, Ontario K1G 6C4  
Attn: Scott O'Brien  
Susanne Paskins  
Telecopy: (904) 741-5418

With a copy to: Kane Kessler, P.C.  
666 Third Avenue  
23rd Floor  
New York, New York 10017  
Attn: Robert L. Lawrence  
Aris Haigian  
Gary Constable  
Telecopy: (212) 245-3009

[Signatures continue on the following pages.]

Second Amended and Restated Loan and Security Agreement (Safariland)

**Accepted in Atlanta, Georgia:**

**AGENT:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN

Name: **John M. Olsen**

Title: Senior Vice President

Address: 300 Galleria Parkway  
Suite 800  
Atlanta, Georgia 30339  
Attn: Business Capital – Account Manager  
Telecopy: (404) 607-3277

**U.S. LENDERS:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN

Name: **John M. Olsen**

Title: Senior Vice President

Address: 300 Galleria Parkway  
Suite 800  
Atlanta, Georgia 30339  
Attn: Business Capital – Account Manager  
Telecopy: (404) 607-3277

[Signatures continue on the following page.]

Second Amended and Restated Loan and Security Agreement (Safariland)

**CANADIAN LENDER:**

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ MEDINA SALES DE ANDRADE

Name: Media Sales de Andrade

Title: Vice President

Address:

181 Bay Street

Toronto, Ontario M5J 2V8

Telecopy: (312) 453-4041

Second Amended and Restated Loan and Security Agreement (Safariland)

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**CONSENT AND FIRST AMENDMENT TO  
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

THIS CONSENT AND FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into this 1st day of May, 2017, by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company and successor by merger to each of Rogers Holster Co., LLC, a Florida limited liability company, and HolsterOps, LLC, a Florida limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MUSTANG SURVIVAL HOLDINGS, INC., a Delaware corporation ("Mustang Holdings"), MUSTANG SURVIVAL, INC., a Washington corporation ("Mustang Survival"), MUSTANG SURVIVAL MFG, INC., a Delaware corporation ("Mustang Manufacturing"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), TACTICAL COMMAND INDUSTRIES, INC., a California corporation ("TCI"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Sencan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation and successor by merger to Atlantic Tactical of New Jersey Inc., a New Jersey corporation ("ATI"), VIEVU, LLC, a Washington limited liability company ("Vievu"), LAWMEN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD" and, together with Holdings, Safariland, Global Sourcing, Horsepower, Mustang Holdings, Mustang Survival, Mustang Manufacturing, Med-Eng, TCI, Sencan Holdings, ATI, Vievu, Lawmen's and Distribution, collectively, "U.S. Borrowers"), MUSTANG SURVIVAL ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Med-Eng ULC"; together with Borrowers, collectively, "Obligors"), as Canadian Guarantor, the financial institutions party thereto from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for Lenders ("Agent").

**Recitals:**

Agent, Lenders and Obligors are parties to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), pursuant to which Agent and Lenders have made extensions of credit and other financial accommodations available to Borrowers.

Prior to the date hereof, Atlantic Tactical of New Jersey Inc., a New Jersey corporation, merged into and with ATI, with ATI as the surviving corporation, and HolsterOps, LLC, a Florida limited liability company, merged into and with Rogers Holster Co., LLC, a Florida limited liability company, with Rogers Holster Co., LLC, a Florida limited liability company, as the surviving limited liability company. Rogers Holster Co., LLC, a Florida limited liability company, subsequently merged into and with Safariland, with Safariland as the surviving limited liability company.

In addition, prior to the date hereof, Safariland formed TSG UK Investment Holdings Limited, a private company under the laws of England and Wales with company number 1047705 ("UK Parent"), and Safariland subsequently loaned \$20,514,800 to UK Parent (the "UK Parent Loan"). UK Parent used the proceeds of the UK Parent Loan to purchase all of the issued and outstanding Equity Interests of TWP (Newco) 107 Limited, a private limited company under the laws of England and Wales with company number 07664085, which owns all of the issued and outstanding Equity Interests of each of (a) Aegis Engineering Limited, a private limited company under the laws of England and Wales with company number 07418287, (b) LBA International Limited, a private limited company under the laws of England and Wales with company number 04171559, and (c) Tetranike Limited, a private limited company under the laws of England and Wales with company number 09059071.

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Also, prior to the date hereof, Safariland loaned Med-Eng ULC \$13,000,000 (the "2016 Med-Eng Loan"). Med-Eng ULC used the proceeds of the 2016 Med-Eng Loan to purchase (the "PSP Acquisition") all of the issued and outstanding Equity Interests of Pacific Safety Products Inc., an Ontario corporation ("PSP"), which owns all of the issued and outstanding Equity Interests of GH Armor Systems Inc., a Delaware corporation formerly known as Sentry Armor Systems Inc. ("GH").

Additionally, prior to the date hereof, Med-Eng made a loan in the original principal amount of \$1,200,000 to ICP NEWTECH LTD, a company incorporated and registered in Ireland ("ICP"), pursuant to a secured promissory note issued by ICP in favor of Med-Eng (the "ICP Note"), as disclosed on **Schedule 10.2.7** to the Loan Agreement. ICP and Med-Eng desire to either (i) increase the outstanding principal balance of the ICP Note by up to \$300,000 or (ii) have ICP issue a new secured promissory note in favor of Med-Eng in the principal amount of up to \$300,000 (collectively, the "Supplemental ICP Loan").

Obligors have requested that Agent and Lenders consent to Obligors' consummation of each of the following after the date hereof:

- (a) the distribution to Safariland by Horsepower of all of the issued and outstanding Equity Interests of Canadian Borrower;
- (b) the contribution to Sencan Holdings by Safariland of all of the issued and outstanding Equity Interests of Canadian Borrower;
- (c) the contribution by Safariland of up to \$5,500,000 to equity of Sencan Holdings;
- (d) the contribution by Sencan Holdings of up to \$5,500,000 to equity of Med-Eng ULC and the addition of such amount to the legal stated capital of the existing shares;
- (e) the repayment by Med-Eng ULC of a portion of the 2016 Med-Eng Loan in a principal amount not to exceed \$5,500,000;
- (f) after the consummation of the PSP Acquisition, the contribution by PSP to GH of \$10,000,000 of intercompany debt owed by GH to PSP as additional paid-in capital of GH;
- (g) the transfer by PSP of all of the issued and outstanding Equity Interests of GH to Safariland in exchange for a non-interest bearing note payable by Safariland to the order of PSP in the original principal amount not to exceed \$3,500,000 (the "GH Sale Loan");
- (h) the transfer by PSP of the GH Sale Loan to Med-Eng ULC in exchange for a non-interest bearing note payable by Med-Eng ULC to the order of PSP in the original principal amount not to exceed \$3,500,000;
- (i) the repayment by Med-Eng ULC of a portion of the 2016 Med-Eng Loan in a principal amount not to exceed \$3,500,000 by offsetting the GH Sale Loan against the 2016 Med-Eng Loan;

- (j) the formation of a limited partnership (or commanditaire vennootschap) under the laws of the Netherlands, with an initial chief executive office and domicile in the Bahamas, with Safariland as the 99.99% general partner and Horsepower as the 0.01% limited partner ("Dutch CV Holdco");
- (k) the formation of a private limited liability company (or besloten vennootschap) under the laws of the Netherlands, with an initial chief executive office and domicile in the Netherlands, as a wholly owned Subsidiary of Dutch CV Holdco ("Dutch BV Holdco");
- (l) the conversion of a principal amount not to exceed \$6,000,000 of the UK Parent Loan into equity of UK Parent (the "UK Parent Loan Contribution");
- (m) the loan by Safariland of a principal amount not to exceed \$19,000,000 to Dutch CV Holdco in exchange for an interest-bearing note;
- (n) the loan by Dutch CV Holdco of a principal amount not to exceed \$19,000,000 to Dutch BV Holdco in exchange for an interest-free loan;
- (o) the loan by Dutch BV Holdco of a principal amount not to exceed \$19,000,000 to UK Parent in exchange for an interest-bearing note;
- (p) the satisfaction of the UK Parent Loan by UK Parent;
- (q) the contribution to Sencan Holdings by Safariland of all of the issued and outstanding Equity Interests of UK Parent;
- (r) the contribution to Dutch CV Holdco by Sencan Holdings of all of the issued and outstanding Equity Interests of UK Parent such that Sencan Holdings becomes a general partner of Dutch CV Holdco;
- (s) the contribution to Dutch BV Holdco (the "Second UK Parent Contribution") by Dutch CV Holdco of all of the issued and outstanding Equity Interests of UK Parent;
- (t) the contribution to Sencan Holdings by Safariland of all of the issued and outstanding Equity Interests of Sencan Limited ("Sencan UK");
- (u) the contribution to Dutch CV Holdco by Sencan Holdings of all of the issued and outstanding Equity Interests of Sencan UK;
- (v) the contribution to Dutch BV Holdco by Dutch CV Holdco of all of the issued and outstanding Equity Interests of Sencan UK;
- (w) the contribution to UK Parent by Dutch BV Holdco of all of the issued and outstanding Equity Interests of Sencan UK;
- (x) the loan by Safariland of a principal amount not to exceed \$11,500,000 to Dutch CV Holdco in exchange for an interest-bearing note;
- (y) the loan by Dutch CV Holdco of a principal amount not to exceed \$11,500,000 to Dutch BV Holdco in exchange for an interest-free loan;
- (z) the loan by Dutch BV Holdco of a principal amount not to exceed \$11,500,000 to Canadian Borrower in exchange for an interest-bearing note;

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- (aa) the repayment in full of the Canadian IDA by Canadian Borrower;
- (bb) the conversion by Canadian Borrower of an amount not to exceed \$5,000,000 of contributed surplus to legally stated capital;
- (cc) the contribution by Sencan Holdings of all of the issued and outstanding Equity Interests of Canadian Borrower to Dutch CV Holdco;
- (dd) the contribution by Dutch CV Holdco of all of the issued and outstanding Equity Interests of Canadian Borrower to Dutch BV Holdco;
- (ee) the contribution by Safariland of UAB "Safariland International", a company incorporated and existing under the laws of Lithuania ("SAF Lithuania"), to Sencan Holdings;
- (ff) the contribution by Sencan Holdings of all of the issued and outstanding Equity Interests of SAF Lithuania to Dutch CV Holdco;
- (gg) the contribution by Dutch CV Holdco of all of the issued and outstanding Equity Interests of SAF Lithuania to Dutch BV Holdco;
- (hh) the loan by Safariland of a principal amount not to exceed \$10,200,000 to Dutch CV Holdco in exchange for an interest-bearing note;
- (ii) the loan by Dutch CV Holdco of a principal amount not to exceed \$10,200,000 to Dutch BV Holdco in exchange for an interest-free loan;
- (jj) the loan by Dutch BV Holdco of a principal amount not to exceed \$10,200,000 to Med-Eng ULC in exchange for an interest-bearing note;
- (kk) the repayment in full of the 2016 Med-Eng Loan by Med-Eng ULC;
- (ll) the contribution by Sencan Holdings of all of the issued and outstanding Equity Interests of Med-Eng ULC to Dutch CV Holdco; and
- (mm) the contribution by Dutch CV Holdco of all of the issued and outstanding Equity Interests of Med-Eng ULC to Dutch BV Holdco.

The transactions in clauses (a) through (mm) above are referred to as the "Final Foreign Restructuring Transactions." One or more of the Final Foreign Restructuring Transactions may constitute a Permitted Foreign Restructuring Transaction under the Loan Agreement; however, Obligors have requested that, for the avoidance of doubt, Agent and Lenders consent to the Final Foreign Restructuring Transactions, as one or more of the Final Foreign Restructuring Transactions may be prohibited by various provisions of the Loan Agreement.

Obligors also have requested that Agent and Lenders amend the Loan Agreement as hereinafter set forth.

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Subject to the terms and conditions set forth in this Amendment, Agent and Lenders are willing to (a) consent to the consummation of the Final Foreign Restructuring Transactions and (b) amend the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

2. **Consent.** Subject to satisfaction of all of the conditions set forth in Section 9 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, Agent and Lenders hereby consent to the Final Foreign Restructuring Transactions and acknowledge that the consummation thereof shall not constitute a violation of any Loan Document, so long as all of the Final Foreign Restructuring Transactions are consummated on or before June 30, 2017.

3. **Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 9 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By deleting the definitions of "Canadian IDA," "Distribution," "Restricted Investment" and "UK IDA" from Section 1.1 of the Loan Agreement and by substituting the following in lieu thereof:

Canadian IDA: (a) prior to the consummation of the Final Foreign Restructuring Transactions, the loan from Safariland to Canadian Borrower in the amount of Cdn \$10,713,951 pursuant to an intercompany debt agreement dated March 22, 2013, and (b) after the consummation of the Final Foreign Restructuring Transactions, each of the Mustang IDA and the Med-Eng IDA.

Distribution: any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt (other than the Term Loan Debt, Debt repaid in connection with the Holdings IDA, each Canadian IDA and the UK IDA, and Debt of the type permitted by Section 10.2.1(t), repayments of which shall be governed by Section 10.2.8) to a holder of Equity Interests (other than advances or distributions to officers or employees otherwise permitted under this Agreement); or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

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Restricted Investment: any Investment by an Obligor or Subsidiary, other than (a) (i) prior to giving effect to the Final Foreign Restructuring Transactions, Investments in Subsidiaries to the extent existing on the Closing Date, (ii) after giving effect to the Final Foreign Restructuring Transactions, Investments in Subsidiaries to the extent existing on or about the First Amendment Date and after giving effect to the Final Foreign Restructuring Transactions, and (iii) Investments constituting one of the (and as set forth in the definition of) Final Foreign Restructuring Transactions, to the extent not otherwise permitted herein; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance satisfactory to Agent; (c) loans and advances permitted under Section 10.2.7; (d) Permitted Acquisitions; (e) other Investments in an aggregate amount not to exceed the Dollar Equivalent of \$5,000,000 at any time; (f) any Investment by a U.S. Obligor in another U.S. Obligor; (g) any Investment by a Canadian Obligor to another Canadian Obligor; (h) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a Non-Obligor Subsidiary in another Non-Obligor Subsidiary or an Obligor; (i) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a Foreign Obligor in another Obligor; (j) any Investment (other than a loan or advance, which is addressed in clause (c) of this definition) by a U.S. Obligor in a Canadian Obligor or a Foreign Obligor or by a Canadian Obligor in a Foreign Obligor or a U.S. Obligor (I) in an aggregate amount at any time outstanding not in excess of \$5,000,000 so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby or (II) in any other amount so long as:

(A) at the time such Investment is made, no Default or Event of Default exists or would be caused thereby,

(B) at the time such Investment is made, Average Availability for the 60 day period immediately preceding such Investment calculated on a pro forma basis assuming such Investment was made on the first day of such period (including any Loans made hereunder to finance such Investment) shall be greater than or equal to the greater of

(I) 15% of the aggregate Commitments and

(II) \$6,500,000,

(C) at the time such Investment is made, Availability, on the date such Investment is made (including any Loans made hereunder to finance such Investment), shall be greater than or equal to the greater of

(I) 15% of the aggregate Commitments and

(II) \$6,500,000,

(D) at the time such Investment is made, Obligors provide Agent evidence that, after giving effect to such Investment, Obligors are in compliance with the financial covenant set forth in Section 10.3 on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve fiscal month period then ended, and

(E) each Obligor shall be Solvent both before and after giving effect to such Investment and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date such Investment is made, that all such conditions have been satisfied;

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(k) prior to the consummation of the Final Foreign Restructuring Transactions, so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby, any Investment in Sencan UK in an aggregate amount, when aggregated with loans and advances permitted pursuant to Section 10.2.7(k), not to exceed \$500,000 at any one time outstanding; (l) prior to the consummation of the Final Foreign Restructuring Transactions, so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby, any Investment in Target A Purchaser in an aggregate



amount at any time outstanding, when aggregated with loans and advances permitted pursuant to **Section 10.2.1(t)(iv)**, not to exceed the Dollar Equivalent of \$23,100,000 less the amount of any principal payments made with respect to loans and advances permitted pursuant to **Section 10.2.1(t)(iv)**; (m) prior to the consummation of the Final Foreign Restructuring Transactions, so long as no Default or Event of Default exists at the time such Investment is made or would be caused thereby, any Investment in Med-Eng ULC made in connection with the Target B Acquisition in an aggregate amount at any time outstanding, when aggregated with loans and advances permitted pursuant to **Section 10.2.1(t)(v)**, not to exceed the Dollar Equivalent of \$13,200,000 less the amount of any principal payments made with respect to loans and advances permitted pursuant to **Section 10.2.1(t)(v)**; and (n) prior to the consummation of the Final Foreign Restructuring Transactions, a Permitted Foreign Restructuring Transaction.

UK IDA: (a) prior to the consummation of the Final Foreign Restructuring Transactions, the loan from Safariland to Sencan UK in the amount of GBP 182,174 pursuant to an intercompany debt agreement dated September 20, 2013, and (b) after the consummation of the Final Foreign Restructuring Transactions, the loan from Safariland to Dutch CV Holdco in the original principal amount not to exceed \$19,000,000 pursuant to an intercompany debt agreement dated on or about the First Amendment Date.

(b) By adding the following new definitions of "Dutch CV Holdco," "First Amendment," "First Amendment Date," "Final Foreign Restructuring Transactions," "Med-Eng IDA," "Mustang IDA" and "Supplemental ICP Loan" to **Section 1.1** of the Loan Agreement in proper alphabetical order:

Dutch CV Holdco: a Person formed on or about the First Amendment Date as a limited partnership (or commanditaire vennootschap) under the laws of the Netherlands, initially with Safariland as the 99.99% general partner and Horsepower as the 0.01% limited partner, and, after the admissions of Sencan Holdings as a general partner in connection with the Final Foreign Restructuring Transactions, with Safariland as the 0.01% general partner, Sencan Holdings as the 99.98% general partner, and Horsepower as the 0.01% limited partner.

First Amendment: that certain Consent and First Amendment to Second Amended and Restated Loan and Security Agreement dated the First Amendment Date by and among Obligors, Agent and Lenders.

First Amendment Date: May 1, 2017.

Final Foreign Restructuring Transactions: has the meaning given such term in the First Amendment.

Med-Eng IDA: after the consummation of the Final Foreign Restructuring Transactions, the loan from Safariland to Dutch CV Holdco in the original principal amount not to exceed \$11,500,000 pursuant to an intercompany debt agreement dated on or about the First Amendment Date.

Mustang IDA: after the consummation of the Final Foreign Restructuring Transactions, the loan from Safariland to Dutch CV Holdco in the original principal amount not to exceed \$10,200,000 pursuant to an intercompany debt agreement dated on or about the First Amendment Date.

Supplemental ICP Loan: has the meaning given such term in the First Amendment.

(c) By deleting **Section 7.6** of the Loan Agreement and by substituting in lieu thereof the following:

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## **7.6 Further Assurances and Post Closing Covenants.**

(a) All Liens granted to Agent under the Loan Documents are for the benefit of Secured Parties. Promptly upon request, Obligors shall deliver such instruments and agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Obligor authorizes Agent to file any financing statement that describes the Collateral as "all assets" or "all personal property" of such Obligor, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect its Lien on any Collateral.

(b) On or before June 30, 2017, deliver to Agent opinions of local counsel to Obligors, in each case in form and substance satisfactory to Agent, with respect to all Obligors incorporated or organized in the state of California on such date.

(c) Unless a Permitted Note Transfer with respect thereto has occurred prior to June 30, 2017, deliver to Agent a promissory note or intercompany debt agreement in form and substance reasonably satisfactory to Agent with respect to the Debt that is owed to Safariland or Med-Eng ULC, as the case may be, and permitted pursuant to **Section 10.2.1(t)(iv)** or **Section 10.2.1(t)(v)**, and pledge or collaterally assign to Agent such note or agreement as security for the Obligations having the priority set forth in the Intercreditor Agreement.

(d) On or before June 30, 2017, execute and deliver to Agent a pledge, in form and substance reasonably satisfactory to Agent, of 65% of the outstanding voting Equity Interests to secure the U.S. Direct Obligations of all first-tier Subsidiaries of U.S. Borrowers not previously pledged to Agent prior to the Closing Date; provided, that, in connection with the foregoing, Obligors shall (i) deliver to Agent any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank by a duly authorized officer of the applicable pledging Obligor, (ii) if requested by Agent in its discretion, deliver to Agent legal opinions relating to the matters described in this provision, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent, and (iii) take such other action as Agent in good faith deems necessary or appropriate to perfect Agent's security interest in such Equity Interests.

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(d) By deleting **Section 10.2.1(t)** of the Loan Agreement and by substituting in lieu thereof the following:

(i) prior to the consummation of the Final Foreign Restructuring Transactions, Debt of Canadian Borrower that is owed to Safariland on the Closing Date so long as such Debt is not secured by a Lien, the principal amount thereof does not exceed Cdn \$10,713,951, plus any capitalized interest thereon, in the aggregate at any time and is evidenced by a promissory note or debt agreement that is pledged or collaterally assigned to Agent as security for the Obligations;

(ii) (A) other unsecured Debt of a Canadian Obligor or a Foreign Obligor that is owed to a U.S. Obligor or (B) unsecured Debt of a Foreign Obligor that is owed to a Canadian Obligor, in each case so long as the following conditions are satisfied:

(I) at the time of the incurrence of such Debt, no Default or Event of Default exists or would be caused thereby,

(II) at the time of the incurrence of such Debt, Average Availability for the 60 day period immediately preceding such incurrence calculated on a pro forma basis assuming such incurrence occurred on the first day of such period (including any Loans made hereunder to finance such Debt) shall be greater than or equal to the greater of

(1) 15% of the aggregate Commitments and

(2) \$6,500,000,

(III) at the time of the incurrence of such Debt, Availability, on any date after giving effect to the incurrence of such Debt (including any Loans made hereunder to finance such Debt) shall be greater than or equal to the greater of

(1) 15% of the aggregate Commitments and

(2) \$6,500,000,

(IV) at the time of the incurrence of such Debt, Obligors provide Agent evidence that, after giving effect to the incurrence of such Debt, Obligors are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended,

(V) each Obligor will Solvent both before and after giving effect to the incurrence of such Debt and a Senior Officer or vice president of finance or similar officer having primary responsibility for financial matters of Borrower Agent shall certify to Agent, not less than five Business Days prior to the date of the incurrence of such Debt, that all such conditions have been satisfied;

(VI) such Debt is not secured by a Lien; and

(VII) such Debt is evidenced by a promissory note or debt agreement that is pledged or collaterally assigned to Agent as security for the Obligations having the priority set forth in the Intercreditor Agreement;

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(iii) prior to the consummation of the Final Foreign Restructuring Transactions, Debt that is owed by Sencan UK to Safariland pursuant to the UK IDA (plus any capitalized interest thereon);

(iv) prior to the consummation of the Final Foreign Restructuring Transactions, Debt of Target A Purchaser to Safariland incurred in connection with the Target A Acquisition in an aggregate principal amount, when aggregated with Investments made pursuant to clause (l) of the definition of Restricted Investments, not to exceed the Dollar Equivalent of \$23,100,000 (plus any capitalized interest thereon) at any time outstanding less the amount of any principal payments made on such Debt, and otherwise on terms and conditions reasonably satisfactory to Agent;

(v) prior to the consummation of the Final Foreign Restructuring Transactions, Debt of Med-Eng ULC to Safariland incurred in connection with the Target B Acquisition in an aggregate principal amount, when aggregated with Investments made pursuant to clause (m) of the definition of Restricted Investments, not to exceed the Dollar Equivalent of \$13,200,000 (plus any capitalized interest thereon) at any time outstanding less the amount of any principal payments made on such Debt, and otherwise on terms and conditions reasonably satisfactory to Agent;

(vi) prior to the consummation of the Final Foreign Restructuring Transactions, Debt (other than Debt described in subclause (i) of this clause (t)) that is owed by Canadian Borrower to Safariland pursuant to the Canadian IDA (plus any capitalized interest thereon);

(vii) after the consummation of the Final Foreign Restructuring Transactions, Debt that is owed by Dutch CV Holdco to Safariland pursuant to each Canadian IDA and the UK IDA (plus any capitalized interest thereon);

(viii) after the consummation of the Final Foreign Restructuring Transactions, Debt that is owed by a Canadian Obligor to a Non-Obligor Subsidiary in an aggregate principal amount not to exceed the aggregate principal amount of Debt owed by Dutch CV Holdco to Safariland pursuant to each Canadian IDA (plus any capitalized interest thereon);

(ix) after the consummation of the Final Foreign Restructuring Transactions, Debt that is owed to Dutch CV Holdco by a direct Subsidiary of Dutch CV Holdco in an aggregate principal amount not to exceed the aggregate principal amount of Debt owed by Dutch CV Holdco to Safariland pursuant to each Canadian IDA and the UK IDA (plus any capitalized interest thereon);

(x) Debt constituting one of the (and as set forth in the definition of) Final Foreign Restructuring Transactions, to the extent not otherwise permitted herein; and

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(c) By deleting **Section 10.2.7** of the Loan Agreement and by substituting in lieu thereof the following:

10.2.7 Loans. Make any loans or other advances of money to any Person, except (a) advances to an officer or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (b) loans or advances to officers or employees in the Ordinary Course of Business pursuant to and in accordance with the terms of any Plan in an aggregate amount not to exceed the Dollar Equivalent of \$1,500,000 at any time; (c) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (d) deposits with financial institutions permitted hereunder; (e) as long as no Default or Event of Default exists, intercompany loans by a U.S. Borrower to a U.S. Obligor or by a U.S. Obligor to another U.S. Obligor; (f) as long as no Default or Event of Default exists, intercompany loans by Canadian Borrower to a Canadian Obligor or by a Canadian Obligor to another Canadian Obligor; (g) as long as no Default or Event of Default exists, intercompany loans by a Foreign Obligor to another Foreign Obligor; (h) as long as no Default or Event of Default exists, intercompany loans by a Non-Obligor Subsidiary to another Non-Obligor Subsidiary; (i) loans permitted by **Section 10.2.1(t)**; (j) loans existing as of the Closing Date and set forth on **Schedule 10.2.7**; (k) prior to the consummation of the Final Foreign Restructuring Transactions, as long as no Default or Event of Default exists or would be caused thereby, loans or advances by the Obligors to Sencan UK in an aggregate amount which, when aggregated with Investments

made pursuant to clause (k) of the definition of Restricted Investments, do not exceed \$500,000 at any one time outstanding; and (l) the Supplemental ICP Loan.

**4. Ratification and Reaffirmation.** Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement and each of the other Loan Documents and all of such Obligor's covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents.

**5. Acknowledgments and Stipulations.** Each Obligor acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Obligor are legal, valid and binding obligations of such Obligor that are enforceable against such Obligor in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Obligor); and the security interests and Liens granted by such Obligor in favor of Agent are duly perfected security interests and Liens having the priority set forth in the Intercreditor Agreement.

**6. Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligors and this Amendment has been duly executed and delivered by Obligors; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**7. Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

**8. Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default in accordance with the terms and conditions set forth in **Section 11.1** of the Loan Agreement.

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**9. Conditions Precedent.** The effectiveness of the consents contained in **Section 2** of this Amendment and the amendments contained in **Section 3** of this Amendment are subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent:

- (a) Agent shall have received a duly signed counterpart of this Amendment from Obligors and each Lender;
- (b) Agent shall have received a copy of a duly signed amendment to the Term Loan Agreement providing for consents and amendments substantially identical to the consents and amendments provided for herein;
- (c) Agent shall be satisfied with Obligors' corporate, capital and ownership structure and indebtedness (both before and after giving effect to the consummation of the transactions contemplated by the Final Foreign Restructuring Transactions); and
- (d) Agent shall have received such other documents, instruments and agreements as shall be requested by Agent in its reasonable discretion.

**10. Expenses of Agent.** Obligors further agree to pay, **on demand**, all costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

**11. Conditions Subsequent.** Obligors shall, on or before June 30, 2017, comply with **Section 10.1.9** of the Loan Agreement with respect to each of PSP and GH (for the avoidance of doubt, neither PSP nor GH shall be required to comply with **Section 10.1.9** of the Loan Agreement prior to June 30, 2017), including, without limitation, by delivering to Agent each of the following, each in form and substance satisfactory to Agent:

- (a) a joinder to the Loan Agreement duly signed by each of PSP and GH, together with amendments to the schedules thereto to reflect the consummation of the Final Foreign Restructuring Transactions;
- (b) a Guaranty of the Canadian Obligations and a Guarantor Security Agreement, in each case duly signed by PSP;
- (c) an information certificate signed by each of PSP and GH;
- (d) a certificate of a duly authorized officer of each of PSP and GH, certifying (i) that attached copies of the applicable Person's Organic Documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to Loan Documents and the transactions contemplated thereby; and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents;
- (e) copies of the charter documents of GH, certified by the Secretary of State or other appropriate official of such Person's jurisdiction of organization;

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(f) good standing certificates (or the equivalent thereof) for each of PSP and GH, issued by (i) the Secretary of State or other appropriate official of each such Person's jurisdiction of organization, and (ii) the Secretary of State or other appropriate official in each other jurisdiction where the failure of any such Person to be qualified could reasonably be expected to result in a Material Adverse Effect;

(g) a joinder to that certain Amended and Restated Continuing Guaranty Agreement dated November 18, 2016 by U.S. Borrowers in favor of Agent for each Guaranteed Party (as defined therein) duly signed by GH;

(h) (i) an amendment to the Pledge Agreement duly executed by each applicable Obligor, (ii) a Dutch law pledge agreement duly executed by Safariland and Sencan Holdings and acknowledged by Dutch CV Holdco, and (iii) to the extent certificated, evidence that Term Loan Agent has received the

original stock certificates representing 100% of the outstanding Equity Interests of GH, and 65% of the outstanding Equity Interests of Dutch CV Holdco, having voting power and original irrevocable stock powers with respect to such certificates duly executed in blank;

- (i) written opinions of Norton Rose Fulbright LLP in respect of Dutch law matters and of Blake, Cassels & Graydon LLP in respect of Canadian law matters;
- (j) a joinder to the Intercreditor Agreement duly executed by GH and PSP;
- (k) a collateral assignment of each Canadian IDA and the UK IDA (each as defined after giving effect to the Final Foreign Restructuring Transactions), duly executed by Safariland; and
- (l) current searches of appropriate filing offices showing that (i) no Liens have been filed and remain in effect against PSP or GH except Permitted Liens and (ii) Agent has duly filed all financing statements necessary to perfect (or continue to perfect, as the case may be) the security interest of Agent in all of the assets of each of PSP and GH, to the extent the security interest in such assets is capable of being perfected by filing.

**12. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles.

**13. Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**14. No Novation, etc.** Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

**15. Counterparts; Electronic Signatures.** This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

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**16. Further Assurances.** Obligors agree to take such further actions as Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby. In connection with the transactions contemplated hereby and subject to the conditions set forth herein, Agent, at the request of Borrowers, may execute and deliver such documents as necessary to effectuate the Final Foreign Restructuring Transactions, including the delivery of previously pledged stock certificates (other than countries organized in the United States or Mexico), to the extent held by Agent, and the release of security interests therein.

**17. Section Titles.** Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

**18. Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

**19. Parallel Liability.**

(a) In this Section 19, (i) "Corresponding Liabilities" means all present and future liabilities and contractual and non-contractual obligations of an Obligor under or in connection with the Loan Agreement, as amended by this Amendment, and the other Loan Documents, but excluding its Parallel Liability, and (ii) "Parallel Liability" means an Obligor's undertaking pursuant to this Section 19.

(b) Each Obligor irrevocably and unconditionally undertakes to pay to Agent an amount equal to the aggregate amount of its Corresponding Liabilities (as these may exist from time to time).

(c) The parties hereto agree that:

(i) an Obligor's Parallel Liability is due and payable at the same time as, for the same amount of and in the same currency as its Corresponding Liabilities;

(ii) an Obligor's Parallel Liability is decreased to the extent that its Corresponding Liabilities have been irrevocably paid or discharged and its Corresponding Liabilities are decreased to the extent that its Parallel Liability has been irrevocably paid or discharged;

(iii) an Obligor's Parallel Liability is independent and separate from, and without prejudice to, its Corresponding Liabilities, and constitutes a single obligation of such Obligor to Secured Parties (even though such Obligor may owe more than one Corresponding Liability to Secured Parties under the Loan Documents) and an independent and separate claim of Secured Parties to receive payment of that Parallel Liability (in its capacity as the independent and separate creditor of that Parallel Liability and not as a co-creditor in respect of the Corresponding Liabilities); and

(iv) for purposes of this Section 19, Agent acts in its own name and not as agent, representative or trustee of Secured Parties and accordingly holds neither its claim resulting from a Parallel Liability nor any security agreement securing a Parallel Liability on trust.

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[Remainder of page intentionally left blank; signatures begin on following page.]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

**OBLIGORS:**

**MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MUSTANG SURVIVAL HOLDINGS, INC.  
MUSTANG SURVIVAL, INC.  
MUSTANG SURVIVAL MFG, INC.  
MED-ENG, LLC  
TACTICAL COMMAND INDUSTRIES, INC.  
SENCAN HOLDINGS, LLC  
VIEVU, LLC  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
MUSTANG SURVIVAL ULC  
MED-ENG HOLDINGS ULC**

By: /s/ SCOTT HARRIS  
**Scott Harris**, Chief Financial Officer

**ATLANTIC TACTICAL, INC.**

By: /s/ JULIO SALVADOR  
**Julio Salvador**, Secretary

[Signatures continued on following page.]

Consent and First Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**AGENT:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
**John M. Olsen**, Senior Vice President

**U.S. LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
**John M. Olsen**, Senior Vice President

[Signatures continued on following page.]

Consent and First Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**CANADIAN LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ SYLWIA DURKIEWICZ  
Name: Sylwia Durkiewicz  
Title: Vice President

Consent and First Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**SECOND AMENDMENT TO  
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into this 1st day of June, 2017, by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MUSTANG SURVIVAL HOLDINGS, INC., a Delaware corporation ("Mustang Holdings"), MUSTANG SURVIVAL, INC., a Washington corporation ("Mustang Survival"), MUSTANG SURVIVAL MFG, INC., a Delaware corporation ("Mustang Manufacturing"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), TACTICAL COMMAND INDUSTRIES, INC., a California corporation ("TCI"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Sencan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation ("ATI"), VIEVU, LLC, a Washington limited liability company ("Vievu"), LAWMEN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD" and, together with Holdings, Safariland, Global Sourcing, Horsepower, Mustang Holdings, Mustang Survival, Mustang Manufacturing, Med-Eng, TCI, Sencan Holdings, ATI, Vievu, Lawmen's and Distribution, collectively, "U.S. Borrowers"), MUSTANG SURVIVAL ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Med-Eng ULC"; together with Borrowers, collectively, "Obligors"), as Canadian Guarantor, the financial institutions party thereto from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for Lenders ("Agent").

**Recitals:**

Agent, Lenders and Obligors are parties to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (the "Original Loan Agreement"), as amended by that certain Consent and First Amendment to Second Amended and Restated Loan and Security Agreement dated May 1, 2017 (the "First Amendment"); the Original Loan Agreement, as amended by the First Amendment and as at any time further amended, restated, supplemented or otherwise modified, the "Loan Agreement"), pursuant to which Agent and Lenders have made extensions of credit and other financial accommodations available to Borrowers.

Obligors have requested that Agent and Lenders amend the First Amendment and the Loan Agreement as hereinafter set forth.

Subject to the terms and conditions set forth in this Amendment, Agent and Lenders are willing to amend the First Amendment and the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1 . **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

2. **Amendment to First Amendment.** Upon satisfaction of the conditions precedent set forth in Section 9 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the First Amendment shall be amended by deleting clause (j) set forth on page 3 of the First Amendment and by substituting the following in lieu thereof:

(j) the formation of a limited partnership (or commanditaire vennootschap) under the laws of the Netherlands, with an initial chief executive office and domicile in the Bahamas, with Horsepower as the 99.99% general partner and Safariland as the 0.01% limited partner ("Dutch CV Holdco");

3 . **Amendment to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 9 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended by deleting the definition of "Dutch CV Holdco" set forth in Section 1.1 of the Loan Agreement and by substituting the following in lieu thereof:

Dutch CV Holdco: a Person formed on or about the First Amendment Date as a limited partnership (or commanditaire vennootschap) under the laws of the Netherlands, initially with Horsepower as the 99.99% general partner and Safariland as the 0.01% limited partner, and, after the admissions of Sencan Holdings as a general partner in connection with the Final Foreign Restructuring Transactions, with Horsepower as the 0.01% general partner, Sencan Holdings as the 99.98% general partner, and Safariland as the 0.01% limited partner.

4. **Ratification and Reaffirmation.** Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement and each of the other Loan Documents and all of such Obligor's covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents.

5 . **Acknowledgments and Stipulations.** Each Obligor acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Obligor are legal, valid and binding obligations of such Obligor that are enforceable against such Obligor in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Obligor); and the security interests and Liens granted by such Obligor in favor of Agent are duly perfected security interests and Liens having the priority set forth in the Intercreditor Agreement.

6 . **Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligors and this Amendment has been duly executed and delivered by Obligors; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

7. **Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

8. **Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute

an Event of Default in accordance with the terms and conditions set forth in **Section 11.1** of the Loan Agreement.

**9. Conditions Precedent.** The effectiveness of the amendment contained in **Section 2** of this Amendment and the amendment contained in **Section 3** of this Amendment are subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent:

- (a) Agent shall have received a duly signed counterpart of this Amendment from Obligors and each Lender;
- (b) Agent shall have received a copy of a duly signed amendment to the Term Loan Agreement providing for consents and amendments substantially identical to the consents and amendments provided for herein; and
- (c) Agent shall have received such other documents, instruments and agreements as shall be requested by Agent in its reasonable discretion.

**10. Expenses of Agent.** Obligors further agree to pay, **on demand**, all costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

**11. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles.

**12. Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**13. No Novation, etc.** Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

**14. Counterparts; Electronic Signatures.** This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

**15. Further Assurances.** Obligors agree to take such further actions as Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

**16. Section Titles.** Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

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**17. Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

**18. Parallel Liability.**

(a) In this **Section 18**, (i) "**Corresponding Liabilities**" means all present and future liabilities and contractual and non-contractual obligations of an Obligor under or in connection with the Loan Agreement, as amended by this Amendment, and the other Loan Documents, but excluding its Parallel Liability, and (ii) "**Parallel Liability**" means an Obligor's undertaking pursuant to this **Section 18**.

(b) Each Obligor irrevocably and unconditionally undertakes to pay to Agent an amount equal to the aggregate amount of its Corresponding Liabilities (as these may exist from time to time).

(c) The parties hereto agree that:

(i) an Obligor's Parallel Liability is due and payable at the same time as, for the same amount of and in the same currency as its Corresponding Liabilities;

(ii) an Obligor's Parallel Liability is decreased to the extent that its Corresponding Liabilities have been irrevocably paid or discharged and its Corresponding Liabilities are decreased to the extent that its Parallel Liability has been irrevocably paid or discharged;

(iii) an Obligor's Parallel Liability is independent and separate from, and without prejudice to, its Corresponding Liabilities, and constitutes a single obligation of such Obligor to Secured Parties (even though such Obligor may owe more than one Corresponding Liability to Secured Parties under the Loan Documents) and an independent and separate claim of Secured Parties to receive payment of that Parallel Liability (in its capacity as the independent and separate creditor of that Parallel Liability and not as a co-creditor in respect of the Corresponding Liabilities); and

(iv) for purposes of this **Section 18**, Agent acts in its own name and not as agent, representative or trustee of Secured Parties and accordingly holds neither its claim resulting from a Parallel Liability nor any security agreement securing a Parallel Liability on trust.

[Remainder of page intentionally left blank; signatures begin on following page.]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

**OBLIGORS:**

**MAUI ACQUISITION CORP.**

SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MUSTANG SURVIVAL HOLDINGS, INC.  
MUSTANG SURVIVAL, INC.  
MUSTANG SURVIVAL MFG, INC.  
MED-ENG, LLC  
TACTICAL COMMAND INDUSTRIES, INC.  
ATLANTIC TACTICAL, INC.  
SENCAN HOLDINGS, LLC  
VIEVU, LLC  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
MUSTANG SURVIVAL ULC  
MED-ENG HOLDINGS ULC

By: /s/ SCOTT HARRIS  
**Scott Harris**, Chief Financial Officer

[Signatures continued on following page.]

Second Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**AGENT:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
**John M. Olsen**, Senior Vice President

**U.S. LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
**John M. Olsen**, Senior Vice President

[Signatures continued on following page.]

Second Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**CANADIAN LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ SYLWIA DURKIEWICZ  
Name: Sylwia Durkiewicz  
Title: Vice President

Second Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**THIRD AMENDMENT TO  
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

THIS THIRD AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into this 29th day of June, 2017, by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MUSTANG SURVIVAL HOLDINGS, INC., a Delaware corporation ("Mustang Holdings"), MUSTANG SURVIVAL, INC., a Washington corporation ("Mustang Survival"), MUSTANG SURVIVAL MFG, INC., a Delaware corporation ("Mustang Manufacturing"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), TACTICAL COMMAND INDUSTRIES, INC., a California corporation ("TCI"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Secan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation ("ATI"), VIEVU, LLC, a Washington limited liability company ("Vievu"), LAWREN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD" and, together with Holdings, Safariland, Global Sourcing, Horsepower, Mustang Holdings, Mustang Survival, Mustang Manufacturing, Med-Eng, TCI, Secan Holdings, ATI, Vievu, Lawmen's and Distribution, collectively, "U.S. Borrowers"), MUSTANG SURVIVAL ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Med-Eng ULC"; together with Borrowers, collectively, "Obligors"), as Canadian Guarantor, the financial institutions party thereto from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for Lenders ("Agent").

**Recitals:**

Agent, Lenders and Obligors are parties to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (the "Original Loan Agreement"), as amended by that certain Consent and First Amendment to Second Amended and Restated Loan and Security Agreement dated May 1, 2017 (the "First Amendment") and that certain Second Amendment to Second Amended and Restated Loan and Security Agreement dated June 1, 2017 (the "Second Amendment"; the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, and as at any time further amended, restated, supplemented or otherwise modified, the "Loan Agreement"), pursuant to which Agent and Lenders have made extensions of credit and other financial accommodations available to Borrowers.

Obligors have requested that Agent and Lenders amend the First Amendment and the Loan Agreement as hereinafter set forth.

Subject to the terms and conditions set forth in this Amendment, Agent and Lenders are willing to amend the First Amendment and the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

**1 . Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

**2. Amendments to First Amendment.** Upon satisfaction of the conditions precedent set forth in Section 9 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the First Amendment shall be amended as follows:

(a) By deleting clause (a) set forth on page 2 of the First Amendment and by substituting the following in lieu thereof:

(a) (i) the distribution to Safariland by Horsepower of all of the issued and outstanding Equity Interests of Canadian Borrower, (ii) Safariland subscribing for additional Equity Interests of Canadian Borrower for an aggregate subscription price of up to an aggregate principal amount of Cdn \$2,500,000, (iii) Safariland and Canadian Borrower entering into a set-off agreement, pursuant to which the obligation of Safariland to deliver the aggregate subscription price for such Equity Interests to Canadian Borrower is set off against an equal amount owing by Canadian Borrower to Safariland under the Canadian IDA, and (iv) Safariland and Canadian Borrower amending and restating the Canadian IDA to reflect the reduction of the indebtedness evidenced thereby by such amount;

(b) By deleting clause (bb) set forth on page 4 of the First Amendment and by substituting the following in lieu thereof:

(bb) the conversion by Canadian Borrower of an amount not to exceed \$8,000,000 of contributed surplus to legally stated capital;

(c) By adding the following clause immediately before the "." set forth at the end of Section 2 of the First Amendment:

; provided, that Borrowers shall have an additional sixty (60) days after such date to open any Deposit Accounts at banking institutions located in the Netherlands required in order to transfer funds as contemplated by the Final Foreign Restructuring Transactions and to complete such fund transfers.

(d) By deleting each reference to "June 30, 2017" set forth at the beginning of Section 11 of the First Amendment and by substituting in lieu thereof, in each case, a reference to "August 4, 2017."

**3. Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 9 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By deleting the definition of "Canadian IDA" from Section 1.1 of the Loan Agreement and by substituting the following in lieu thereof:

Canadian IDA: (a) prior to the consummation of the Final Foreign Restructuring Transactions, the loan from Safariland to Canadian Borrower in the amount of Cdn \$10,713,951 pursuant to an intercompany debt agreement dated March 22, 2013, as the same may be partially repaid and amended and restated as contemplated by clause (a) of the Final Foreign Restructuring Transactions, and (b) after the consummation of the Final Foreign Restructuring Transactions, each of the Mustang IDA and the Med-Eng IDA.

(b) By (i) deleting the word "and" set forth at the end of clause (c) of the definition of Excluded Collateral" set forth in Section 1.1 of the Loan Agreement, (ii)

deleting the "." set forth at the end of clause (d) of the definition of "Excluded Collateral" set forth in **Section 1.1** of the Loan Agreement and by substituting in lieu thereof ", and" and (iii) by adding a new clause (e) to the definition of "Excluded Collateral" set forth in **Section 1.1** of the Loan Agreement as follows:

(e) any Property located outside of the United States or Canada that is acquired in connection with or after the consummation of the Final Foreign Restructuring Transactions by Horsepower, solely in its capacity as nominee or trustee (or any similar or comparable relationship) for Dutch CV Holdco, in Horsepower's capacity as general or managing partner of Dutch CV Holdco pursuant to the Organic Documents of Dutch CV Holdco as in effect immediately after the consummation of the Final Foreign Restructuring Transactions.

(c) By (i) deleting the word "or" set forth at the end of **Section 11.1(n)** of the Loan Agreement, (ii) deleting the "." set forth at the end of **Section 11.1(o)** of the Loan Agreement and by substituting in lieu thereof ", or" and (iii) by adding a new **Section 11.1(p)** to the Loan Agreement as follows:

(p) after the consummation of the Final Foreign Restructuring Transactions, Horsepower shall hold or acquire Property with a fair market or book value (whichever is more) in excess of \$250,000 other than (i) 0.01% of the Equity Interests of Dutch CV Holdco and (ii) Property of the type described in clause (e) of the definition of Excluded Collateral.

**4. Ratification and Reaffirmation.** Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement and each of the other Loan Documents and all of such Obligor's covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents.

**5. Acknowledgments and Stipulations.** Each Obligor acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Obligor are legal, valid and binding obligations of such Obligor that are enforceable against such Obligor in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Obligor); and the security interests and Liens granted by such Obligor in favor of Agent are duly perfected security interests and Liens having the priority set forth in the Intercreditor Agreement.

**6. Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligors and this Amendment has been duly executed and delivered by Obligors; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**7. Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

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**8. Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default in accordance with the terms and conditions set forth in **Section 11.1** of the Loan Agreement.

**9. Conditions Precedent.** The effectiveness of the amendments contained in **Section 2** and **Section 3** of this Amendment are subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent:

(a) Agent shall have received a duly signed counterpart of this Amendment from Obligors and each Lender;

(b) Agent shall have received a copy of a duly signed amendment to the Term Loan Agreement providing for consents and amendments substantially identical to the consents and amendments provided for herein; and

(c) Agent shall have received such other documents, instruments and agreements as shall be requested by Agent in its reasonable discretion.

**10. Expenses of Agent.** Obligors further agree to pay, **on demand**, all costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

**11. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles.

**12. Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**13. No Novation, etc.** Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

**14. Counterparts; Electronic Signatures.** This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

**15. Further Assurances.** Obligors agree to take such further actions as Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

**16. Section Titles.** Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

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**17. Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

**18. Parallel Liability.**

(a) In this Section 18, (i) "Corresponding Liabilities" means all present and future liabilities and contractual and non-contractual obligations of an Obligor under or in connection with the Loan Agreement, as amended by this Amendment, and the other Loan Documents, but excluding its Parallel Liability, and (ii) "Parallel Liability" means an Obligor's undertaking pursuant to this Section 18.

(b) Each Obligor irrevocably and unconditionally undertakes to pay to Agent an amount equal to the aggregate amount of its Corresponding Liabilities (as these may exist from time to time).

(c) The parties hereto agree that:

(i) an Obligor's Parallel Liability is due and payable at the same time as, for the same amount of and in the same currency as its Corresponding Liabilities;

(ii) an Obligor's Parallel Liability is decreased to the extent that its Corresponding Liabilities have been irrevocably paid or discharged and its Corresponding Liabilities are decreased to the extent that its Parallel Liability has been irrevocably paid or discharged;

(iii) an Obligor's Parallel Liability is independent and separate from, and without prejudice to, its Corresponding Liabilities, and constitutes a single obligation of such Obligor to Secured Parties (even though such Obligor may owe more than one Corresponding Liability to Secured Parties under the Loan Documents) and an independent and separate claim of Secured Parties to receive payment of that Parallel Liability (in its capacity as the independent and separate creditor of that Parallel Liability and not as a co-creditor in respect of the Corresponding Liabilities); and

(iv) for purposes of this Section 18, Agent acts in its own name and not as agent, representative or trustee of Secured Parties and accordingly holds neither its claim resulting from a Parallel Liability nor any security agreement securing a Parallel Liability on trust.

[Remainder of page intentionally left blank; signatures begin on following page.]

- 5 -

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

**OBLIGORS:**

**MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MUSTANG SURVIVAL HOLDINGS, INC.  
MUSTANG SURVIVAL, INC.  
MUSTANG SURVIVAL MFG, INC.  
MED-ENG, LLC  
TACTICAL COMMAND INDUSTRIES, INC.  
SENCAN HOLDINGS, LLC  
ATLANTIC TACTICAL, INC.  
VIEVU, LLC  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
MUSTANG SURVIVAL ULC  
MED-ENG HOLDINGS ULC**

By: /s/ SCOTT HARRIS  
**Scott Harris**, Chief Financial Officer

[Signatures continued on following page.]

Third Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

**AGENT:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
**John M. Olsen**, Senior Vice President

**U.S. LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
**John M. Olsen**, Senior Vice President

[Signatures continued on following page.]

**CANADIAN LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ SYLWIA DURKIEWICZ  
Name: Sylwia Durkiewicz  
Title: Vice President

May 3, 2018

Maui Acquisition Corp.  
 Safariland, LLC  
 Safariland Global Sourcing, LLC  
 Horsepower, LLC  
 Mustang Survival Holdings, Inc.  
 Mustang Survival, Inc.  
 Mustang Survival Mfg, Inc.  
 Med-Eng, LLC  
 Sencan Holdings, LLC  
 Atlantic Tactical, Inc.  
 Viewu, LLC  
 Lawmen's Distribution, LLC  
 Safariland Distribution, LLC  
 GH Armor Systems Inc.  
 United Uniform Distribution, LLC  
 Mustang Survival ULC  
 Med-Eng Holdings ULC  
 Pacific Safety Products Inc.  
 13386 International Parkway  
 Jacksonville, Florida 32218  
 Attn: Scott O'Brien and Susanne Paskins

Re: Consent and Fourth Amendment to Second Amended and Restated Loan and Security Agreement

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (as at any time amended, modified, restated, or supplemented, the "Loan Agreement"), by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MUSTANG SURVIVAL HOLDINGS, INC., a Delaware corporation ("Mustang Holdings"), MUSTANG SURVIVAL, INC., a Washington corporation ("Mustang Survival"), MUSTANG SURVIVAL MFG, INC., a Delaware corporation ("Mustang Manufacturing"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Sencan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation ("ATI"), VIEVU, LLC, a Washington limited liability company ("Viewu"), LAWMEN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), GH ARMOR SYSTEMS INC., a Delaware corporation ("GH"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD" and, together with Holdings, Safariland, Global Sourcing, Horsepower, Mustang Holdings, Mustang Survival, Mustang Manufacturing, Med-Eng, Sencan Holdings, ATI, Viewu, Lawmen's, Distribution and GH, collectively, "U.S. Borrowers"), MUSTANG SURVIVAL ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Med-Eng ULC") and PACIFIC SAFETY PRODUCTS INC., a Canadian corporation ("PSP"; together with Med-Eng ULC, collectively, "Canadian Guarantors"; together with Borrowers and Med-Eng ULC, collectively, "Obligors"), the financial institutions party to the Loan Agreement from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for the Lenders ("Agent"). Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms under the Loan Agreement.

Obligors have informed Agent and Lenders that Safariland and Viewu intend to enter into that certain Membership Interest Purchase Agreement substantially in the form of Exhibit A attached hereto (the "Purchase Agreement"; collectively with all other documents, instruments, agreements, and certificates executed and delivered in connection therewith, the "Sale Documents"), among Safariland, Viewu, and Axon Enterprise, Inc. ("Purchaser"), pursuant to which Safariland intends to sell to Purchaser, and Purchaser intends to purchase from Safariland, all of the Equity Interests of Viewu, for an aggregate cash consideration in an amount equal to \$4,600,000, plus or minus the applicable adjustments under the Sale Documents (collectively, the "Cash Proceeds") and shares of Purchaser's common stock with an aggregate value of \$2,500,000, as determined pursuant to the Sale Documents. \$1,300,000 of the Cash Proceeds (the "Escrowed Cash") will be placed in escrow pursuant to a certain Escrow Agreement substantially in the form of Exhibit B attached hereto (the "Escrow Agreement"). Such sale transaction is collectively referred to herein as the "Viewu Sale Transaction." In connection with the Viewu Sale Transaction, Safariland intends to enter into that certain Patent License Agreement substantially in the form of Exhibit C attached hereto (the "Patent License Agreement") and that certain Trademark License Agreement substantially in the form of Exhibit D attached hereto (the "Trademark License Agreement").

In connection with the Viewu Sale Transaction, Obligors have requested that Agent and Lenders enter into this letter agreement and consent to (x) release Viewu from its duties and obligations under the Loan Agreement and the other Loan Documents, and (y) release Agent's Lien upon (i) the Equity Interests of Viewu, (ii) the patents listed on Annex I hereto, and (iii) all assets of Viewu, including, without limitation, all Collateral owned by Viewu (the assets referred to in the foregoing subclauses (i), (ii) and (iii) are collectively referred to herein as the "Released Assets"), in each case, upon consummation of the Viewu Sale Transaction.

The Viewu Sale Transaction is not permitted by, among other things, Section 10.2.6 of the Loan Agreement. Obligors have requested that Agent and Lenders consent to the Viewu Sale Transaction, notwithstanding such prohibitions.

Subject to the terms and conditions set forth herein, Agent and Lenders are willing to consent to the Viewu Sale Transaction and enter into this letter agreement.

The parties also desire to amend the Loan Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this letter agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Lenders, Agent, and Obligors hereby agree as follows.

**1. Consent to Viewu Sale Transaction and License Agreements.** Subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, Agent and Lenders consent to the Viewu Sale Transaction and the entering into of the Patent License Agreement and the Trademark License Agreement.

## 2. Release of Viewu as an Obligor.

(a) Upon the satisfaction of each condition precedent set forth in Section 4 of this letter agreement in accordance with the terms thereof (the "Effective Release Date"), and in furtherance of the foregoing and without further action by any party hereto, (i) Agent, Lenders, and Obligors hereby acknowledge and agree that Viewu shall no longer be deemed to be, and shall not have any of the rights of, a "Borrower" or a "Obligor" under the Loan Agreement and the other Loan Documents to which Viewu is a party, (ii) each Lender hereby authorizes Agent to release its Liens in all of the Released Assets, and (iii) Agent and Lenders hereby release and discharge Viewu from all liability with respect to the Obligations and from any and all other obligations, covenants and liabilities under the Loan Agreement and the other Loan Documents. For the avoidance of doubt, each Obligor acknowledges and agrees that Agent's Liens and security interests shall continue in Cash Proceeds received by such Obligor excluding the Escrowed Cash. Each Obligor represents and warrants to Agent and Lenders that, other than (x) the Liens of Agent to secure the Obligations, (y) the Liens of the Term Loan Agent to secure the Term Loan Debt, and (z) (1) statutory claims, if any, under applicable law related to the securities pursuant to the Purchase Agreement, (2) claims, if any, by the Escrow Agent under (and as defined in) the Purchase Agreement or under the Escrow Agreement arising solely from its duties under the Escrow Agreement, and (3) claims and payments related to indemnification obligations and Earn-out Stock Payments arising under (and as defined in) the Purchase Agreement, the Released Assets are not subject to any Lien or claim that would require any Obligor under Applicable Law or any agreement to make any payment or deliver any portion of the Cash Proceeds received by such Obligor to any Person other than Agent and the Term Loan Agent in order to transfer and convey such assets to Purchaser free and clear of Liens.

(b) Upon the satisfaction of each condition precedent set forth in Section 4 of this letter agreement in accordance with the terms thereof, and in furtherance of the foregoing, Agent agrees to deliver to Purchaser all powers (if any) with respect to any Equity Interests included in the Released Assets, and to file, at Obligors' expense, UCC termination statements with respect to Agent's UCC financing statements filed against Viewu and USPTO releases with respect to any filings with the USPTO against any of the Released Assets. Except for Agent's release of its Lien upon the Released Assets described above, Agent shall retain all of its Liens upon all other Collateral (including, without limitation, the net Cash Proceeds, but excluding the Escrowed Cash), and nothing contained herein shall be deemed or construed to create a novation or accord and satisfaction, and the Loan Agreement and the other Loan Documents shall remain in full force and effect with respect to all Obligors other than Viewu (each such Obligor other than Viewu being hereinafter referred to individually as a "Continuing Obligor" and collectively as "Continuing Obligors"). Each Continuing Obligor, Agent and each Lender acknowledge and agree that, after giving effect to the provisions of this letter agreement (including, without limitation, the foregoing provisions of this Section 2), each Continuing Obligor shall remain jointly and severally liable for all of the Obligations, whether arising prior to, on, or after the Effective Release Date, including, without limitation, the Obligations of Viewu arising prior to the Effective Release Date, and, for the avoidance of doubt, all indemnification obligations that may arise on or after the Effective Release Date in respect of any act or failure to act on the part of Viewu prior to the Effective Release Date.

(c) Each Continuing Obligor hereby (i) consents to the release of Viewu as a "Borrower" and an "Obligor" under the Loan Agreement and the other Loan Documents, and (ii) acknowledges and agrees that (A) neither such release nor anything contained in this letter agreement shall modify in any respect whatsoever such Continuing Obligor's Obligations, covenants, duties, indebtedness and liabilities as a "Borrower" or a "Guarantor", as applicable, and "Obligor" under the Loan Agreement and the other Loan Documents, all of which are hereby ratified, reaffirmed and shall remain in full force and effect, (B) the Loan Agreement and the other Loan Documents to which such Continuing Obligor is a party are the legal, valid and binding obligations of such Continuing Obligor that are enforceable against such Continuing Obligor in accordance with the terms thereof, and (C) all security interests and Liens granted to or for the benefit of Agent, and all security interests and Liens upon the Collateral (other than the Released Assets) granted to Agent pursuant to the Loan Agreement and the other Loan Documents remain in full force and effect and secure all Obligations of each Continuing Obligor under the Loan Agreement and the other Loan Documents, all of which are hereby ratified and confirmed.

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**3. Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 4 of this letter agreement, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By adding the following new definitions of "Fourth Amendment Date", "Viewu Purchase Agreement" and "Viewu Purchaser" to Section 1.1 of the Loan Agreement in proper alphabetical order:

Fourth Amendment Date: May 3, 2018.

Viewu Purchase Agreement: that certain Membership Interest Purchase Agreement dated on or about the Fourth Amendment Date, among Safariland, Viewu and Viewu Purchaser.

Viewu Purchaser: Axon Enterprise, Inc., a Delaware corporation.

(b) By deleting the "and" immediately after clause (d) of the definition of "Excluded Collateral" set forth in Section 1.1 of the Loan Agreement, by deleting the "." at the end of clause (e) of the definition of "Excluded Collateral" set forth in Section 1.1 of the Loan Agreement and by substituting in lieu thereof a reference to "; and", and by adding the following new clause (f) immediately thereafter:

(f) to the extent (but only to the extent) securing the Indemnification Obligations under (and as defined in) that certain Escrow Agreement dated on or about the Fourth Amendment Date, between Safariland and Viewu Purchaser, \$1,300,000 in cash.

(c) By deleting the "and" immediately before clause (n) of the definition of "Restricted Investment" set forth in Section 1.1 of the Loan Agreement, by deleting the "." at the end of clause (n) in the definition of "Restricted Investment" set forth in Section 1.1 of the Loan Agreement and by substituting in lieu thereof a reference to "; and", and by adding the following new clause (o) immediately thereafter:

(o) the Investment by Safariland in the Equity Interests of Viewu Purchaser pursuant to the Viewu Purchase Agreement.

(d) By deleting the "and" immediately after clause (t)(x) of Section 10.2.1 of the Loan Agreement, by deleting the "." at the end of clause (u) of Section 10.2.1 of the Loan Agreement and by substituting in lieu thereof a reference to "; and", and by adding the following new clause (v) to Section 10.2.1 of the Loan Agreement:

(v) Debt in the form of indemnification obligations by Safariland in favor of Viewu Purchaser and certain of its affiliates arising under the Viewu Purchase Agreement.

- 4 -

**4. Conditions Precedent.** The effectiveness of Sections 1, 2 and 3 of this letter agreement shall be subject to the satisfaction of the following conditions precedent, in form and substance satisfactory to Agent (as determined by Agent in its sole discretion), on or before May 31, 2018:

(a) Agent shall have received an original signed counterpart to this letter agreement from each Lender and each Obligor;

(b) Agent shall have received \$3,995,332.74 (the "Paydown Sum") in immediately available funds and in accordance with the following wiring instructions:

Bank of America, N.A.  
New York, New York  
Account #: 936 933 7552  
Routing # (ABA): 026 009 593  
SWIFT Code: BOFAUS3N  
Chip #: 0959  
For Credit to: Bank of America – Southeast Collection Account

(c) Agent shall have received true, correct, and complete copies of the Sale Documents; and

(d) Agent shall have received a copy of a duly signed consent under the Term Loan Agreement providing for a consent substantially identical to the consent provided for herein.

**5 . Form of Release; Expense Reimbursement.** Upon the satisfaction of each condition precedent set forth in Section 4 above in accordance with the terms thereof, Agent's release of its Lien upon the Released Assets shall be effected by the release documents attached to this letter agreement as Exhibit E. Obligors and Purchaser shall assume sole responsibility for recording such partial release documents, as applicable, and all fees, costs, and taxes associated with such recordings, and Obligors shall promptly reimburse Agent for all costs and expenses (including, without limitation, legal fees and expenses) incurred by Agent in connection with the preparation, documentation, and negotiation of this letter agreement and the exhibits hereto and the consummation of the transactions herein describe.

**6. Sweep Authorization.** Upon the deposit of the Paydown Sum into the deposit account more particularly described in Section 4(b), Agent is authorized to sweep such proceeds and apply such proceeds to the Obligations in accordance with the Loan Agreement.

**7. Release of Claims.** To induce Agent and Lenders to enter into this letter agreement, each Obligor (including, without limitation, Vievu) hereby releases, acquits and forever discharges Agent and Lenders, and all officers, directors, agents, employees, successors and assigns of Agent and Lenders, from any and all liabilities, claims, demands, actions or causes of action of any kind or nature (if there be any), whether absolute or contingent, disputed or undisputed, at law or in equity, or known or unknown, that such Obligor now has or ever had against Agent or any Lender arising under or in connection with this letter agreement, the Loan Agreement, any of the other Loan Documents or otherwise. Each Obligor (including, without limitation, Vievu) represents and warrants to Agent and Lenders that such Obligor has not transferred or assigned to any Person any claim that such Obligor ever had or claimed to have against Agent or any Lender.

**8 . Waiver of Jury Trial.** Obligors, Lenders, and Agent each irrevocably waive their respective rights to a trial by jury of any claim or cause of action based upon or arising out of or related to this letter agreement or the transactions contemplated hereby, in any action, proceeding or other litigation of any type brought by any of the parties hereto against any other party hereto.

[Remainder of page intentionally left blank.]

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**9. Miscellaneous.** If this letter agreement is acceptable to Obligors, please evidence each Obligor's agreement with the terms hereof by executing and returning the enclosed copy of this letter agreement to Agent on or before May 31, 2018. By its signature below, each Obligor agrees that Agent's Lien upon the Released Assets will not be released until all of the conditions to the release thereof have been fully satisfied, including, without limitation, Agent's receipt of the net Cash Proceeds less the Escrowed Cash in accordance with Section 4 above. This letter agreement may be executed in any number of counterparts and by different parties to this letter agreement on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this letter agreement delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto. This letter agreement shall be governed by and construed in accordance with the laws of the state of New York, without giving effect to any conflict of law principles (but giving effect to federal laws relating to national banks). This letter agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Section titles and references used in this letter agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

Very truly yours,

AGENT:

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
Name: **John M. Olsen**  
Title: Senior Vice President

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
Name: **John M. Olsen**  
Title: Senior Vice President

[Signatures continue on following page.]

Consent and Fourth Amendment to Second Amended and Restated Loan and Security Agreement – Vievu (Safariland)

CANADIAN LENDER:

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ SYLWIA DURKIEWICZ

Name: Sylwia Durkiewicz

Title: Vice President

[Signatures continue on following page.]

Consent and Fourth Amendment to Second Amended and Restated Loan and Security Agreement - Viewu (Safariland)

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MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MUSTANG SURVIVAL HOLDINGS, INC.  
MUSTANG SURVIVAL, INC.  
MUSTANG SURVIVAL MFG, INC.  
MED-ENG, LLC  
SENCAN HOLDINGS, LLC  
VIEVU, LLC  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
MUSTANG SURVIVAL ULC  
MED-ENG HOLDINGS ULC  
GH ARMOR SYSTEMS INC.  
PACIFIC SAFETY PRODUCTS INC.

By: /s/ GRAY HUDKINS

Name: **Gray Hudkins**

Title: Vice President

ATLANTIC TACTICAL, INC.

By: /s/ JULIO SALVADOR

Name: **Julio Salvador**

Title: Secretary

Consent and Fourth Amendment to Second Amended and Restated Loan and Security Agreement – Viewu (Safariland)

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June 20, 2019

Maui Acquisition Corp.  
 Safariland, LLC  
 Safariland Global Sourcing, LLC  
 Horsepower, LLC  
 Mustang Survival Holdings, Inc.  
 Mustang Survival, Inc.  
 Mustang Survival Mfg, Inc.  
 Med-Eng, LLC  
 Sencan Holdings, LLC  
 Atlantic Tactical, Inc.  
 Lawmen's Distribution, LLC  
 Safariland Distribution, LLC  
 GH Armor Systems Inc.  
 United Uniform Distribution, LLC  
 Mustang Survival ULC  
 Med-Eng Holdings ULC  
 Pacific Safety Products Inc.  
 13386 International Parkway  
 Jacksonville, Florida 32218  
 Attn: Scott O'Brien and Susanne Paskins

Re: Consent and Fifth Amendment to Second Amended and Restated Loan and Security Agreement (this "Amendment")

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (as at any time amended, modified, restated, or supplemented, the "Loan Agreement"), by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MUSTANG SURVIVAL HOLDINGS, INC., a Delaware corporation ("Mustang Holdings"), MUSTANG SURVIVAL, INC., a Washington corporation ("Mustang Survival"), MUSTANG SURVIVAL MFG, INC., a Delaware corporation ("Mustang Manufacturing"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Sencan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation ("ATI"), LAWMEN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), GH ARMOR SYSTEMS INC., a Delaware corporation ("GH"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD" and, together with Holdings, Safariland, Global Sourcing, Horsepower, Mustang Holdings, Mustang Survival, Mustang Manufacturing, Med-Eng, Sencan Holdings, ATI, Lawmen's, Distribution and GH, collectively, "U.S. Borrowers"), MUSTANG SURVIVAL ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Med-Eng ULC") and PACIFIC SAFETY PRODUCTS INC., a Canadian corporation ("PSP"; together with Med-Eng ULC, collectively, "Canadian Guarantors"; together with Borrowers, collectively, "Obligors"), the financial institutions party to the Loan Agreement from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for the Lenders ("Agent"). Capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms under the Loan Agreement.

Obligors have informed Agent and Lenders that Safariland and The Safariland Group Nederland B.V. ("Safariland Foreign Holdco") entered into that certain Share Purchase Agreement dated as of May 20, 2019, a true, correct and complete copy of which is attached hereto as Exhibit A (the "Purchase Agreement"; collectively with all other documents, instruments, agreements, and certificates executed and delivered in connection therewith, the "Sale Documents"), among Safariland, Safariland Foreign Holdco, and Wing Inflatables, Inc. ("Purchaser"), pursuant to which Safariland and Safariland Foreign Holdco intend to sell to Purchaser, and Purchaser intends to purchase from Safariland and Safariland Foreign Holdco, all of the Equity Interests of Mustang Holdings and Canadian Borrower for an aggregate cash consideration in an amount equal to \$27,000,000, plus or minus the applicable adjustments under the Sale Documents (collectively, the "Cash Proceeds"). Such sale transaction is collectively referred to herein as the "Mustang Sale Transaction". Pursuant to the terms of the Purchase Agreement, upon signing of the Purchase Agreement, Purchaser delivered to Safariland a deposit in the amount of \$1,750,000 (the "Deposit") to a deposit account designated by Safariland to be held by Safariland pursuant to the terms of the Purchase Agreement. For the avoidance of doubt, if the closing of the Mustang Sale Transaction occurs, on the closing date thereof, the Deposit shall be credited against the Cash Proceeds to be delivered by Purchaser on such closing date.

In connection with the Mustang Sale Transaction, Obligors have requested that Agent and Lenders enter into this Amendment and consent to (x) release each of Mustang Holdings, Mustang Survival, Mustang Manufacturing and Canadian Borrower (collectively, the "Mustang Entities" and each individually, a "Mustang Entity") from its duties and obligations under the Loan Agreement and the other Loan Documents, and (y) release Agent's Lien upon (i) the Equity Interests of Mustang Holdings, Mustang Survival and Mustang Manufacturing, (ii) all assets of each Mustang Entity, including, without limitation, all Collateral owned by each Mustang Entity, and (iii) the deposit account ending in 0831 maintained by Safariland with Bank of America, N.A. (the "Safariland Account") (the assets referred to in the foregoing subclauses (i), (ii) and (iii) are collectively referred to herein as the "Released Assets"), in each case, upon consummation of the Mustang Sale Transaction.

To facilitate the Mustang Sale Transaction, Obligors also have requested that Agent and Lenders enter into this Amendment and consent to transactions among the Mustang Entities, Safariland, Safariland Foreign Holdco and Dutch CV Holdco as described in the Step Plan (as defined below), the purposes of which are to eliminate intercompany receivables and payables among the Mustang Entities, on the one hand, and Safariland, Safariland Foreign Holdco, Dutch CV Holdco and any other Obligor, on the other hand, so that on the Closing Date (as defined in the Purchase Agreement) there are no such intercompany receivables or payables owing to or from any of the Mustang Entities by any Obligor that is not a Mustang Entity, all as more fully set forth on that certain draft tax restructuring step plan dated May 6, 2019 created by Deloitte Tax LLP (the "Step Plan") and separately provided to Agent by Obligors, or such other tax restructuring step plan created by Deloitte Tax LLP (or another tax advisor reasonably acceptable to Agent) that is provided to Agent prior to the consummation of the transactions described therein and reasonably acceptable to Agent; provided, however, that any change to the amount of a receivable or payable set forth in the Step Plan shall not be required to be provided to Agent and shall not require the approval of Agent prior to consummation of such change (collectively, the "Mustang Purchase Restructuring Transactions").

The Mustang Sale Transaction is not permitted by, among other provisions, Section 10.2.6 of the Loan Agreement. The Mustang Purchase Restructuring Transactions are not permitted by, among other provisions, Sections 10.2.4, 10.2.5, 10.2.6, 10.2.8, 10.2.17 and 10.2.20 of the Loan Agreement. Obligors have requested that Agent and Lenders consent to the Mustang Sale Transaction and the Mustang Purchase Restructuring Transactions, notwithstanding such prohibitions.

Subject to the terms and conditions set forth herein, Agent and Lenders are willing to consent to the Mustang Sale Transaction and the Mustang Purchase Restructuring Transactions and enter into this Amendment.

The parties also desire to amend the Loan Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual conditions and agreements set forth in this Amendment, and for good and valuable consideration, the receipt of which is hereby acknowledged, Lenders, Agent, and Obligors hereby agree as follows.

**1. Consents.**

(a) Mustang Sale Transaction. Subject to the satisfaction of the conditions precedent set forth in Section 5(a) hereof, Agent and Lenders consent to the Mustang Sale Transaction and the transfer of the Safariland Account by Safariland to Mustang Survival.

(b) Mustang Purchase Restructuring Transactions. Subject to the satisfaction of the conditions precedent set forth in Section 5(b) hereof, Agent and Lenders consent to the Mustang Purchase Restructuring Transactions.

(c) Deposit. Agent and Lenders acknowledge that Safariland will hold the Deposit pursuant to the terms of the Purchase Agreement and, in the event the Deposit is required to be returned to the Purchaser pursuant to the terms of the Purchase Agreement as in effect on the date hereof, Agent and Lenders consent to the return of the Deposit by Safariland to the Purchaser; provided, that, (x) to the extent the Mustang Sale Transaction is not consummated and any amount of the Deposit is retained by Safariland, such amount shall be applied to the Obligations in accordance with the Intercreditor Agreement, and (y) in the event that the Mustang Sale Transaction is consummated, the Deposit shall constitute a portion of the Purchase Price (as defined in the Purchase Agreement) and shall be delivered to the Proceeds Account (as defined below). Agent and Lenders further acknowledge that, until the earlier to occur of (i) the closing of the Mustang Sale Transaction and (ii) at such time as Safariland is entitled to retain the Deposit pursuant to the terms of the Purchase Agreement, the Deposit shall not be applied to the Obligations.

**2. Release of Mustang Entities as Obligors.**

(a) Upon the satisfaction of each condition precedent set forth in Section 5(a) of this Amendment in accordance with the terms thereof (the "Effective Release Date"), and in furtherance of the foregoing and without further action by any party hereto, (i) Agent, Lenders, and Obligors hereby acknowledge and agree that each Mustang Entity shall no longer be deemed to be, and shall not have any of the rights of, a "Borrower" or an "Obligor" under the Loan Agreement and the other Loan Documents to which any Mustang Entity is a party, (ii) each Lender hereby authorizes Agent to release its Liens on all of the Released Assets, and (iii) Agent and Lenders hereby release and discharge each Mustang Entity from all liability with respect to the Obligations and from any and all other obligations, covenants and liabilities under the Loan Agreement and the other Loan Documents. For the avoidance of doubt, each Obligor acknowledges and agrees that Agent's Liens and security interests shall continue in the Cash Proceeds received by such Obligor. Each Obligor represents and warrants to Agent and Lenders that, other than (x) the Liens of Agent to secure the Obligations, and (y) the Liens of the Term Loan Agent to secure the Term Loan Debt, the Released Assets are not subject to any Lien or claim that would require any Obligor under Applicable Law or any agreement to make any payment or deliver any portion of the Cash Proceeds received by such Obligor to any Person other than Agent and Term Loan Agent in order to transfer and convey the Released Assets to Purchaser free and clear of Liens.

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(b) Upon the satisfaction of each condition precedent set forth in Section 5(a) of this Amendment in accordance with the terms thereof, and in furtherance of the foregoing, Agent agrees to deliver to Purchaser all powers (if any) in Agent's possession with respect to any Equity Interests included in the Released Assets, and to promptly file, at Obligors' expense, UCC and PPSA termination statements with respect to Agent's UCC and PPSA financing statements filed against any Mustang Entity and USPTO and CIPO releases with respect to any filings made with the United States Patent and Trademark Office or the Canadian Intellectual Property Office against any of the Released Assets. Except for Agent's release of its Lien upon the Released Assets described above, Agent shall retain all of its Liens upon all other Collateral (including, without limitation, the Cash Proceeds), and nothing contained herein shall be deemed or construed to create a novation or accord and satisfaction, and the Loan Agreement and the other Loan Documents shall remain in full force and effect with respect to all Obligors other than the Mustang Entities (each such Obligor other than the Mustang Entities being hereinafter referred to individually as a "Continuing Obligor" and collectively as "Continuing Obligors"). Each Continuing Obligor, Agent and each Lender acknowledge and agree that, after giving effect to the provisions of this Amendment (including, without limitation, the foregoing provisions of this Section 2), each Continuing Obligor shall remain jointly and severally liable for all of the Obligations (or, in the case of each Continuing Obligor that is a Canadian Obligor, the Canadian Obligations), whether arising prior to, on, or after the Effective Release Date, including, without limitation, the Obligations of each Mustang Entity arising prior to the Effective Release Date, and, for the avoidance of doubt, all indemnification obligations that may arise on or after the Effective Release Date in respect of any act or failure to act on the part of any Mustang Entity prior to the Effective Release Date.

(c) Each Continuing Obligor hereby (i) consents to the release of each Mustang Entity as a "Borrower" and an "Obligor" under the Loan Agreement and the other Loan Documents, and (ii) acknowledges and agrees that (A) neither such release nor anything contained in this Amendment shall modify in any respect whatsoever such Continuing Obligor's Obligations, covenants, duties, indebtedness and liabilities as a "Borrower" or a "Guarantor", as applicable, and "Obligor" under the Loan Agreement and the other Loan Documents, all of which are hereby ratified, reaffirmed and shall remain in full force and effect, (B) the Loan Agreement and the other Loan Documents to which such Continuing Obligor is a party are the legal, valid and binding obligations of such Continuing Obligor that are enforceable against such Continuing Obligor in accordance with the terms thereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar law affecting or relating to the rights of creditors generally or as equitable remedies may be granted only in the discretion of a court of competent jurisdiction, and (C) all security interests and Liens granted to or for the benefit of Agent, and all security interests and Liens upon the Collateral (other than the Released Assets) granted to Agent pursuant to the Loan Agreement and the other Loan Documents remain in full force and effect and secure all Obligations of each Continuing Obligor (or, in the case of each Continuing Obligor that is a Canadian Obligor, the Canadian Obligations) under the Loan Agreement and the other Loan Documents, all of which are hereby ratified and confirmed.

**3. Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 5(a) of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By adding the following new definitions of "EBITDA Certificate," "Fifth Amendment Date," "Line Reserve," "Line Reserve Period," "Line Reserve Release Conditions," "Line Reserve Release EBITDA," "Mustang Purchase Agreement" and "Mustang Purchaser" to Section 1.1 of the Loan Agreement in proper alphabetical order:

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EBITDA Certificate: a certificate executed by a senior financial officer of Borrower Agent or Safariland, in form and substance reasonably satisfactory to each of Agent and KCA (as defined in the Term Loan Agreement) and certifying the EBITDA of Obligors and Subsidiaries, on a consolidated

basis and after giving pro forma effect to the transactions contemplated by the Mustang Purchase Agreement, for the applicable period of twelve (12) consecutive calendar months ending after the Fifth Amendment Date and ending on the last day of a Fiscal Quarter, as demonstrated by the financial calculations attached thereto and the financial statements previously delivered to Agent pursuant to Section 10.1.2 (which certificate may be delivered as part of a Compliance Certificate).

Fifth Amendment Date: June 20, 2019.

Line Reserve: \$5,000,000.

Line Reserve Period: a period (a) beginning on the Fifth Amendment Date and ending on the first calendar day of the first calendar month after which all of the Line Reserve Release Conditions have been satisfied, as reasonably determined by Agent and KCA (as defined in the Term Loan Agreement), or (b) unless Agent has received two (2) consecutive EBITDA Certificates demonstrating Line Reserve Release EBITDA, beginning on the first calendar day of the first calendar month after which Agent receives a EBITDA Certificate that does not demonstrate Line Reserve Release EBITDA, as reasonably determined by Agent and KCA (as defined in the Term Loan Agreement), and ending on the first calendar day of the first calendar month after which all of the Line Reserve Release Conditions have been satisfied, as reasonably determined by Agent and KCA (as defined in the Term Loan Agreement).

Line Reserve Release Conditions: the satisfaction of each of the following conditions, as reasonably determined by Agent: (a) no Default or Event of Default exists or would be caused by the release of the Line Reserve, and (b) the receipt by Agent of an EBITDA Certificate demonstrating Line Reserve Release EBITDA.

Line Reserve Release EBITDA: for any period of twelve (12) consecutive calendar months, EBITDA of not less than the Dollar Equivalent of \$43,000,000.

Mustang Purchase Agreement: that certain Share Purchase Agreement dated as of May 20, 2019, among Safariland, The Safariland Group Nederland B.V., a Netherlands limited liability company, and Mustang Purchaser.

Mustang Purchaser: Wing Inflatables, Inc., a Delaware corporation, and/or one or more Affiliates thereof.

(b) By deleting the reference to "the Maximum Facility Amount" in each of (i) the definition of "LC Conditions" set forth in Section 1.1 of the Loan Agreement and (ii) Section 2.1.3 of the Loan Agreement and by substituting in lieu thereof, in each case, a reference to "the Maximum Facility Amount minus, prior to Agent's receipt of two (2) consecutive EBITDA Certificates demonstrating Line Reserve Release EBITDA and only during a Line Reserve Period, the Line Reserve."

(c) By adding a new Section 2.1.9 of the Loan Agreement as follows:

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2.1.9 Line Reserve. Obligors and Agent agree that, on the Fifth Amendment Date, a Line Reserve Period shall commence and the Line Reserve shall be subtracted from the Maximum Facility Amount for purposes of determining Borrowers' ability to request the making of Revolver Loans and the issuance of Letters of Credit. If, subsequent to the Fifth Amendment Date, the Line Reserve Release Conditions are satisfied as reasonably determined by Agent and KCA (as defined in the Term Loan Agreement), the Line Reserve Period beginning on the Fifth Amendment Date shall end on the first calendar day of the first calendar month after such satisfaction of the Line Reserve Release Conditions. If at any time after such date, a Line Reserve Period is not in effect and Agent receives a EBITDA Certificate that does not demonstrate Line Reserve Release EBITDA, a Line Reserve Period shall begin on the first calendar day of the first calendar month after the receipt of such EBITDA Certificate and the Line Reserve shall be subtracted from the Maximum Facility Amount for purposes of determining Borrowers' ability to request the making of Revolver Loans and the issuance of Letters of Credit. If, at any time a Line Reserve Period is in effect and the Line Reserve Release Conditions are satisfied as reasonably determined by Agent and KCA (as defined in the Term Loan Agreement), such Line Reserve Period shall end on the first calendar day of the first calendar month after such satisfaction of the Line Reserve Release Conditions. At any time after Agent's receipt of two (2) consecutive EBITDA Certificates demonstrating Line Reserve Release EBITDA, notwithstanding anything in this Section 2.1.9 to the contrary, the Line Reserve shall not be subtracted from the Maximum Facility Amount for purposes of determining Borrowers' ability to request the making of Revolver Loans and the issuance of Letters of Credit for the remainder of the term of this Agreement.

(d) By deleting Section 10.1.2(c) of the Loan Agreement and by substituting the following in lieu thereof:

(c) concurrently with the delivery of financial statements under clauses (a) and (b) above (or more frequently if requested by Agent while a Default or an Event of Default exists), whether or not a Covenant Testing Period exists, a Compliance Certificate executed by a senior financial officer of Borrower Agent or Safariland, and, prior to Agent's receipt of two (2) consecutive EBITDA Certificates demonstrating Line Reserve Release EBITDA and if such financial statements are in respect of the end of a Fiscal Quarter, a EBITDA Certificate executed by a senior financial officer of Borrower Agent or Safariland;

(e) By deleting the "and" immediately after clause (u) of Section 10.2.1 of the Loan Agreement, by deleting the "." at the end of clause (v) of Section 10.2.1 of the Loan Agreement and by substituting in lieu thereof a reference to "; and", and by adding the following new clause (w) to Section 10.2.1 of the Loan Agreement:

(w) Debt in the form of indemnification obligations by Safariland in favor of Mustang Purchaser and certain of its affiliates arising under the Mustang Purchase Agreement.

4. **Joinder of Med-Eng ULC as the "Canadian Borrower"**: Upon satisfaction of the conditions precedent set forth in Section 5(a) of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, Med-Eng ULC becomes the Canadian Borrower and a Borrower for all purposes under the Loan Agreement, and hereby expressly assumes all obligations and liabilities of the Canadian Borrower and of the Canadian Borrower in its capacity as a Borrower thereunder. Med-Eng ULC hereby further acknowledges, agrees and confirms that, by its execution of this Amendment, it shall further be fully bound by, and subject to, all of the covenants, terms, obligations (including, without limitation, all payment obligations) and conditions of the Loan Agreement which are applicable to it in its capacity as the Canadian Borrower and of the Canadian Borrower in its capacity as a Borrower as though originally party thereto as the Canadian Borrower and a Borrower. By its signature below, each Obligor, Agent, each Lender and (by their acceptance of the benefits hereof), each other Secured Party hereby agrees and consents to Med-Eng ULC becoming bound by, and subject to, the terms and conditions of the Loan Agreement as provided herein and therein, and agrees and acknowledges that, from and after the satisfaction of the conditions precedent set forth in Section 5(a) of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, Med-Eng ULC shall be afforded the benefits of the Loan Documents, in accordance with the terms and conditions thereof as provided herein, in each case as fully and the same as if Med-Eng ULC was originally party thereto as the Canadian Borrower and a Borrower, and the definition of "Canadian Borrower" set forth in the Loan Agreement and the other Loan Documents is amended to refer to Med-Eng ULC.

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## 5. Conditions Precedent.

(a) The effectiveness of Sections 1(a), 2, 3 and 4 of this Amendment shall be subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent (as determined by Agent in its sole discretion), on or before June 20, 2019:

- (i) Agent receives an original signed counterpart of this Amendment from each Lender and each Obligor;
- (ii) Agent receives written opinions of Kane Kessler, P.C., Borden Ladner Gervais LLP and K&L Gates LLP, and any other local counsel to Continuing Obligors or Agent;
- (iii) Agent receives long form good standing certificates for each Continuing Obligor (or, with respect to any Continuing Obligor that is a Canadian Obligor, the equivalent thereof), issued by (i) the Secretary of State or other appropriate official of such Continuing Obligor's jurisdiction of organization, and (ii) the Secretary of State or other appropriate official in each jurisdiction set forth on Schedule 6.1(g) to the Loan Agreement;
- (iv) Agent receives a certificate of a duly authorized officer of each Continuing Obligor, certifying (i) the Organic Documents of such Continuing Obligor that were delivered on the date referenced in such certificate remain, as of the date of such certificate, true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of this Amendment and the other Loan Documents entered into concurrently herewith or pursuant hereto is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this Amendment; and (iii) the title, name and signature of each Person authorized to sign this Amendment and the other Loan Documents entered into concurrently herewith or pursuant hereto;
- (v) Agent receives acknowledgments of all filings or recordings necessary to perfect its Liens on the Collateral of the Continuing Obligors, and UCC, PPSA and Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral of the Continuing Obligors, except Permitted Liens;

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(vi) Agent receives a portion of the Purchase Price (as defined in the Purchase Agreement) in the amount of \$17,290,322.30, equal to the book value of all Accounts and Inventory owned by any Mustang Entity on the Closing Date (as defined in the Purchase Agreement), as certified by Holdings in writing and accepted by Agent (such amount, the "Minimum Paydown Amount") in immediately available funds and in accordance with the following wiring instructions (such Deposit Account, the "Proceeds Account"):

Bank of America, N.A.  
New York, New York  
Account #: 936 933 7552  
Routing # (ABA): 026 009 593  
SWIFT Code: BOFAUS3N  
Chip #: 0959  
For Credit to: Bank of America – Southeast Collection Account

- (vii) Agent receives true, correct, and complete copies of the Sale Documents;
- (viii) Agent receives (i) a copy of a duly signed consent under the Term Loan Agreement providing for a consent substantially identical to the consent provided for in Section 1(a) hereof (the "Term Loan Consent"), and (ii) an amendment to the Intercreditor Agreement duly signed by Term Loan Agent and Obligors; and
- (ix) Agent receives written confirmation from Term Loan Agent that Term Loan Agent has received the Term Paydown Sum (as defined in the Term Loan Consent).

(b) The effectiveness of Sections 1(b) and (c) of this Amendment shall be subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent (as determined by Agent in its sole discretion), on or before June 20, 2019:

- (i) Agent receives an original signed counterpart to this Amendment from each Lender and each Obligor; and
- (ii) Agent receives a copy of a duly signed consent under the Term Loan Agreement providing for a consent substantially identical to the consent provided for in Sections 1(b) and (c) hereof.

**6. Form of Release; Expense Reimbursement.** Upon the satisfaction of each condition precedent set forth in Section 5(a) above in accordance with the terms of such Section 5(a), Agent or its counsel shall promptly file the release documents attached to this Amendment as Exhibit B. Obligors shall promptly reimburse Agent for all costs and expenses (including, without limitation, legal fees and expenses) incurred by Agent in connection with the preparation, documentation, and negotiation of this Amendment and the exhibits hereto and the consummation of the transactions herein described.

**7. Sweep Authorization.** Upon the deposit of Minimum Paydown Amount into the Proceeds Account, Agent is authorized to sweep and apply the Minimum Paydown Amount to the Obligations in accordance with the Loan Agreement.

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**8. Release of Claims.** To induce Agent and Lenders to enter into this Amendment, each Obligor (including, without limitation, each Mustang Entity) hereby releases, acquits and forever discharges Agent and each Secured Party, and all officers, directors, agents, employees, successors and assigns of Agent and each Secured Party, from any and all liabilities, claims, demands, actions or causes of action of any kind or nature (if there be any), whether absolute or contingent, disputed or undisputed, at law or in equity, or known or unknown, that such Obligor now has or ever had against Agent or any Secured Party arising under or in connection with this Amendment, the Loan Agreement, any of the other Loan Documents or otherwise. Each Obligor (including, without limitation, each Mustang Entity) represents and warrants to Agent and Lenders that such Obligor has not transferred or assigned to any Person any claim that such Obligor ever had or claimed to have against Agent or any Secured Party.

**9. Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that

no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligor and this Amendment has been duly executed and delivered by Obligor; and all of the representations and warranties made by Obligor in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**10. Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

**11. Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default in accordance with the terms and conditions set forth in Section 11.1 of the Loan Agreement.

**12. Waiver of Jury Trial.** Obligor, Lenders, and Agent each irrevocably waives their respective rights to a trial by jury of any claim or cause of action based upon or arising out of or related to this Amendment or the transactions contemplated hereby, in any action, proceeding or other litigation of any type brought by any of the parties hereto against any other party hereto.

[Remainder of page intentionally left blank.]

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**13. Miscellaneous.** If this Amendment is acceptable to Obligor, please evidence each Obligor's agreement with the terms hereof by executing and returning the enclosed copy of this Amendment to Agent on or before June 20, 2019. By its signature below, each Obligor agrees that Agent's Lien upon the Released Assets will not be released until all of the conditions to the release thereof have been fully satisfied, including, without limitation, Agent's receipt of the Paydown Sum in an aggregate amount not less than the Minimum Paydown Amount in accordance with Section 5 above. This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto. This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles (but giving effect to federal laws relating to national banks). This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

Very truly yours,

**AGENT:**

**BANK OF AMERICA, N.A., as Agent**

By: /s/ JOHN M. OLSEN

**Name: John M. Olsen**

**Title: Senior Vice President**

**U.S. LENDER:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN

**Name: John M. Olsen**

**Title: Senior Vice President**

[Signatures continue on following page.]

Consent and Fifth Amendment to Second Amended and Restated Loan and Security Agreement – Mustang (Safariland)

**CANADIAN LENDER:**

**BANK OF AMERICA, N.A. (acting through its Canada branch)**

By: /s/ SYLWIA DURKIEWICZ

**Name: Sylwia Durkiewicz**

**Title: Vice President**

[Signatures continue on following page.]

Consent and Fifth Amendment to Second Amended and Restated Loan and Security Agreement – Mustang (Safariland)

MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MUSTANG SURVIVAL HOLDINGS, INC.  
MUSTANG SURVIVAL, INC.  
MUSTANG SURVIVAL MFG, INC.  
MED-ENG, LLC  
SENCAN HOLDINGS, LLC  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
MUSTANG SURVIVAL ULC  
MED-ENG HOLDINGS ULC  
GH ARMOR SYSTEMS INC.  
PACIFIC SAFETY PRODUCTS INC.

By: /s/ GRAY HUDKINS  
Name: **Gray Hudkins**  
Title: Vice President

ATLANTIC TACTICAL, INC.

By: /s/ JULIO SALVADOR  
Name: **Julio Salvador**  
Title: Secretary

Consent and Fifth Amendment to Second Amended and Restated Loan and Security Agreement – Mustang (Safariland)

**CONSENT AND SIXTH AMENDMENT TO  
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

THIS CONSENT AND SIXTH AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into this 17th day of November, 2020, by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Sencan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation ("ATI"), LAWMEN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD"), GH ARMOR SYSTEMS INC., a Delaware corporation ("GH Armor"), DEFENSE TECHNOLOGY, LLC, a Delaware limited liability company ("DefTech"; together with Holdings, Safariland, Global Sourcing, Horsepower, Med-Eng, Sencan Holdings, ATI, Lawmen's, Distribution, UUD and GH Armor, collectively, "U.S. Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), PACIFIC SAFETY PRODUCTS INC., a Canadian corporation ("PSP"; together with Borrowers, collectively, "Obligors"), as a Canadian Guarantor, the financial institutions party thereto from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for Lenders ("Agent").

**Recitals:**

Agent, Lenders and Obligors are parties to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (as at any time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), pursuant to which Agent and Lenders have made extensions of credit and other financial accommodations available to Borrowers.

Obligors have advised Agent and Lenders that Obligors intend to prepay the Term Loan Debt in full and obtain a new term loan from new term lenders pursuant to a Term Loan and Security Agreement dated of even date herewith (the "New Term Loan Agreement") among Obligors, Guggenheim Credit Services, LLC, as agent (in such capacity, "New Term Loan Agent") for the lenders party thereto (the "New Term Loan Lenders") and such New Term Loan Lenders (such transactions, collectively, the "Term Loan Debt Refinancing").

The Term Loan Debt Refinancing is not permitted by, among other provisions, **Sections 10.2.1 and 10.2.8(c)** of the Loan Agreement. Obligors have requested that Agent and Lenders consent to the Term Loan Debt Refinancing, notwithstanding such prohibitions. Obligors have also requested that, in connection with the Term Loan Debt Refinancing, Agent and Lenders release Agent's Lien upon the Equity Interests of Dutch CV Holdco.

On the terms and subject to the conditions set forth in this Amendment, Agent and Lenders are willing to consent to the Term Loan Debt Refinancing and release Agent's Lien upon the Equity Interests of Dutch CV Holdco.

The parties also desire to amend the Loan Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

**1 . Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

**2 . Consent to Term Loan Debt Refinancing.** Subject to the satisfaction of the conditions precedent set forth in Section 10 hereof, Agent and Lenders consent to the Term Loan Debt Refinancing and agree that the New Loan Debt Refinancing shall not constitute an Event of Default.

**3 . Release of Equity Interests in Dutch CV Holdco.** Upon satisfaction of the conditions precedent set forth in Section 10 hereof, and without further action by any party hereto, each Lender hereby authorizes Agent to release its Liens on the Equity Interests of Dutch CV Holdco. Except for Agent's release of its Lien upon the Equity Interests of Dutch CV Holdco, Agent shall retain all of its Liens upon all other Collateral.

**4 . Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 10 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By adding the following new definitions of "Affected Financial Institution," "Beneficial Ownership Certification," "Beneficial Ownership Regulation," "Benefit Plan," "Communication," "Controlled Investment Affiliates," "Covered Entity," "ERB NY," "ISDA Definitions," "Kanders SAF," "LIBOR Replacement Date," "LIBOR Screen Rate," "LIBOR Successor Rate," "LIBOR Successor Rate Conforming Changes," "Permitted Pro Forma Adjustments," "Pre-Adjustment Successor Rate," "PTE," "Related Adjustment," "Relevant Governmental Body," "Resolution Authority," "Scheduled Unavailability Date," "Sixth Amendment Date," "SOFR," "Supplemental ICP Loan," "Swap," "Term SOFR," "UK Financial Institution," and "UK Resolution Authority" to **Section 1.1** of the Loan Agreement in proper alphabetical order:

Affected Financial Institution: any EEA Financial Institution or UK Financial Institution.

Beneficial Ownership Certification: a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation, in form and substance satisfactory to Agent.

Beneficial Ownership Regulation: 31 C.F.R. §1010.230.

Benefit Plan: any (a) employee benefit plan (as defined in ERISA) subject to Title I of ERISA, (b) plan (as defined in and subject to Section 4975 of the Code), or (c) Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such employee benefit plan or plan.

Communication: any notice, request, election, representation, certificate, report, disclosure, authorization, or other information or statement relating hereto, including any Loan Document or Borrower Materials.

Controlled Investment Affiliate: as to any person, any other person which directly or indirectly is in Control of, is Controlled by, or is under common Control with such person and is organized by such person (or any person Controlling such person) primarily for making equity or debt investments in Holdings or its direct or indirect parent company or other portfolio companies of such person.

Covered Entity: (a) a "covered entity," as defined and interpreted in accordance with 12 C.F.R. §252.82(b); (b) a "covered bank," as defined in and interpreted in accordance with 12 C.F.R. §47.3(b); or (c) a "covered FSI," as defined in and interpreted in accordance with 12 C.F.R. §382.2(b).

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FRBNY: Federal Reserve Bank of New York.

ISDA Definitions: 2006 ISDA Definitions (or successor definitional booklet for interest rate derivatives) published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time.

Kanders SAF: Kanders SAF, LLC, a Delaware limited liability company.

LIBOR Replacement Date: as defined in **Section 3.6.2**.

LIBOR Screen Rate: the LIBOR quote on the applicable screen page that Agent designates to determine LIBOR (or such other commercially available source providing such quotations as designated by Agent from time to time).

LIBOR Successor Rate: as defined in **Section 3.6.2**.

LIBOR Successor Rate Conforming Changes: with respect to any proposed LIBOR Successor Rate, any conforming changes to this Agreement, including changes to Base Rate, Canadian Base Rate, Interest Period, timing and frequency of determining rates and payments of interest, and other technical, administrative or operational matters (including, for the avoidance of doubt, the definition of Business Day, timing of borrowing requests or prepayment, conversion or continuation notices, and length of look-back periods) as may be appropriate, in Agent's discretion, to reflect the adoption and implementation of such LIBOR Successor Rate and to permit its administration by Agent in a manner substantially consistent with market practice (or, if Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as Agent determines is reasonably necessary in connection with administration of this Agreement or any other Loan Document).

Permitted Pro Forma Adjustments: as applied to any Person or business unit, means any adjustment to the actual results of operations of such Person or business unit that is permitted to be recognized in pro forma financial statements prepared in accordance with Regulation S-X of the Securities Act of 1933 or that are otherwise approved by the Agent or Required Lenders to reflect verifiable and adequately documented severance payments and reductions in, among other items, officer and employee compensation, insurance expenses, interest expense, rental expense and other overhead expense, and other quantifiable expenses which are not anticipated to be incurred on an ongoing basis following consummation of such Acquisitions or dispositions. Notwithstanding the foregoing, for purposes of calculating compliance with the financial covenant set forth in **Section 10.3**, to the extent that during such period any Obligor shall have consummated a Permitted Acquisition, EBITDA shall be calculated with respect to any Person, business, property or asset acquired in a Permitted Acquisition as if such Acquisition had been consummated on the first day of the applicable period, based on historical results accounted for in accordance with GAAP.

Pre-Adjustment Successor Rate: as defined in **Section 3.6.2**.

PTE: a prohibited transaction class exemption issued by the U.S. Department of Labor, as amended from time to time.

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Related Adjustment: in determining any LIBOR Successor Rate, the first relevant available alternative set forth in the order below that can be determined by Agent applicable to such LIBOR Successor Rate: (a) the spread adjustment, or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the relevant Pre-Adjustment Successor Rate (taking into account the interest period, interest payment date or payment period for interest calculated and/or tenor thereto) and which adjustment or method (i) is published on an information service selected by Agent from time to time in its discretion, or (ii) solely with respect to Term SOFR, if not currently published, which was previously so recommended for Term SOFR and published on an information service acceptable to Agent; or (b) the spread adjustment that would apply (or has previously been applied) to the fallback rate for a derivative transaction referencing the ISDA Definitions (taking into account the interest period, interest payment date or payment period for interest calculated and/or tenor thereto).

Relevant Governmental Body: the Federal Reserve Board and/or FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board and/or FRBNY.

Resolution Authority: an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

Scheduled Unavailability Date: as defined in **Section 3.6.2**.

Sixth Amendment Date: November 17, 2020.

SOFR: with respect to any Business Day, the secured overnight financing rate that is published for such day by FRBNY as administrator of the benchmark (or a successor administrator) on FRBNY's website (or any successor source) at approximately 8:00 a.m. (New York City time) on the next Business Day and, in each case, that has been selected or recommended by the Relevant Governmental Body.

Supplemental ICP Loan: a loan made by Med-Eng to ICP NewTech LTD, a company incorporated and registered in Ireland, in an aggregate principal amount not exceeding \$300,000.

Swap: as defined in Section 1a(47) of the Commodity Exchange Act.

Term SOFR: the forward-looking term rate for any period that is approximately (as determined by Agent) as long as any interest period option set forth in the definition of "Interest Period" and that is based on SOFR and has been selected or recommended by the Relevant Governmental Body, in each case as published on an information service selected by Agent from time to time in its discretion.

UK Financial Institution: any BRRD Undertaking (as defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the



UK Resolution Authority: the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

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(b) By deleting the definitions of "Affiliate," "Asset Disposition," "Bail-In Action," "Bail-In Legislation," "Canadian BA Rate," "Canadian Base Rate," "Change of Control," "Dutch CV Holdco," "EBITDA," "Excess Cash Flow Prepayments," "Fixed Charges," "Intercreditor Agreement," "LIBOR," "Non-Obligor Subsidiaries," "Permitted Distribution," "Permitted Note Transfer," "Qualifying IPO," "Revolver Termination Date," "Term Loan Agent," "Term Loan Agreement," "Term Loan Lenders," "U.S. Base Rate," and "Write-Down and Conversion Powers" set forth in **Section 1.1** of the Loan Agreement and substituting in lieu thereof the following, respectively:

Affiliate: with respect to any Person, another Person that, from and after the 2012 Closing Date, directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified; provided, however that neither Agent, nor any Lender shall be deemed "Affiliates" of the Obligors; provided, further, that affiliates of the owners of the Equity Interests of Holdings (other than Holdings and its Subsidiaries) shall be deemed to be "Affiliates" of Holdings for purposes of **Section 10.2.17**. "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. The terms "Controlling" and "Controlled," "Controlled by" and "under common Control with" have correlative meanings thereto.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of a U.S. Obligor, a Canadian Obligor or any of their respective Subsidiaries, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

Bail-In Action: 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: with respect to (a) 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 for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, or (b) the United Kingdom, Part I of the United Kingdom Banking Act 2009 and any other law 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 proceedings).

Canadian BA Rate: with respect to each Interest Period for a Canadian BA Rate Loan, the per annum rate of interest equal to the Canadian Dollar bankers' acceptance rate, or comparable or successor rate approved by Agent, determined by it at or about 10:00 a.m. (Toronto time) on the applicable day (or the preceding Business Day, if the applicable day is not a Business Day) for a term comparable to the Canadian BA Rate Loan, as published on the CDOR or other applicable Reuters screen page (or other commercially available source designated by Agent from time to time); provided, that in no event shall the Canadian BA Rate be less than 0.50%.

Canadian Base Rate: for any day, the greater of (a) the per annum rate of interest designated by Bank of America, N.A. (acting through its Canada branch) from time to time as its base rate for commercial loans made by it in Dollars, which rate is based on various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate; (b) the Federal Funds Rate for such day, plus 0.50% per annum; or (c) LIBOR for a 30 day interest period as of such day, plus 1.00%; provided, that in no event shall the Canadian Base Rate be less than 0.50%. Any change in such rate shall take effect at the opening of business on the applicable Business Day.

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Change of Control: at any time, the earliest to occur of: (a) Holdings or Safariland ceases to own and control, beneficially and of record, directly or indirectly, all Equity Interests in each U.S. Borrower and Canadian Borrower; (b) (i) at any time prior to a Qualifying IPO, Kanders SAF and its Controlled Investment Affiliates ceases to own and control, beneficially and of record, directly or indirectly, more than 50% of the Equity Interests in Holdings and (ii) at any time on or after a Qualifying IPO, the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act, but excluding any employee benefit plan and/or person acting as the trustee, agent or other fiduciary or administrator therefor), other than Kanders SAF (and its Controlled Investment Affiliates), the Kanders Parties and/or Affiliates of the Kanders Parties, in a single transaction or in a related series of transactions, by way of merger, amalgamation, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of the Equity Interests in Holdings representing more than 35% of the total voting power of all of the outstanding voting stock of Holdings; (c) a change in the majority of directors of Holdings during any 12 month period, unless approved by the majority of directors serving at the beginning of such period; (d) except for Permitted Asset Dispositions, the sale or transfer of all or substantially all of the assets of the Obligors, taken as a whole; or (e) for so long as the Term Loan Agreement is in effect, the occurrence of any "Change of Control" under and as defined in the Term Loan Agreement.

Dutch CV Holdco: TSG International Holdings C.V., a limited partnership (or commanditaire vennootschap) under the laws of the Netherlands.

EBITDA: determined on a consolidated basis for Obligors and Subsidiaries, net income, calculated before (a) interest expense, (b) provision for income and franchise taxes, (c) depreciation and amortization expense, (d) gains or losses arising from the sale of capital assets, (e) net gains arising from the write-up of assets, (f) any net extraordinary gains (after deducting any extraordinary losses), (g) non-cash compensation to officers, directors and employees paid in the form of Equity Interests to the extent permitted by Section 10.2.17, (h) non-cash facilities relocation costs, fees, expenses or charges relating to non-recurring plant shutdowns and discontinuance of operations and acquisition integration costs and fees but only to the extent constituting Permitted Pro Forma Adjustments; (i) cash facilities relocation costs, fees, expenses or charges relating to non-recurring plant shutdowns and discontinuance of operations and acquisition integration costs and fees but only to the extent constituting Permitted Pro Forma Adjustments; provided, however, that the amount added back pursuant to this clause (i) shall not in any period exceed 15% of EBITDA for any period, (j) any non-cash write-offs, write-downs or other non-cash charges of assets not constituting ABL Priority Collateral (excluding any such charge that represents an accrual or reserve for a cash expenditure for a future period), (k) the effect on earnings of any write-ups or write-downs of Inventory following the closing of the Transactions or any Permitted Acquisition, in each case as a result of purchase accounting, in an aggregate amount not to exceed the Dollar Equivalent of \$5,000,000 for any single Permitted Acquisition, (l) the amount of (i) any reserve or accrual for, or (ii) any payments on account of, any acquisition-related earn-outs, contingent consideration or deferred purchase price of any kind in connection with Permitted Acquisitions (provided that any such amounts payable in cash constitute Subordinated Debt and any such payments which are made in cash may only be added back if permitted pursuant to **Section 10.2.8**), in an amount not to exceed the Dollar Equivalent of \$6,000,000 for any single Permitted Acquisition and in an amount not to exceed the Dollar Equivalent of \$15,000,000 for all Permitted Acquisitions made during the term of this Agreement, (m) any costs or expenses incurred by Obligors and their Subsidiaries pursuant to any management equity plan or stock option plan or any other

management or employee benefit plan or agreement or any stock subscription or stockholders agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of the Obligor or Net Cash Proceeds of the issuance of Equity Interests of the Obligor concurrently with, or within ten (10) days of, the incurrence of such costs or expenses, (n) any costs or expenses incurred by Obligor to the extent either (i) cash reimbursement is received therefore from another Person within the same period in which the cost or expense is incurred or (ii) the costs or expenses are indemnified by, or reimbursable from, a third party (provided, however, that if such costs or expenses are not reimbursed within 60 days of the end of the applicable measurement period, then such costs and expenses shall not be added back), (o) costs and expenses incurred in connection with the Transactions, and (p) any non-cash losses (net of non-cash gains) with respect to exchange rates or expenses or charges relating to currency valuation of foreign denominated debt, in each of clauses (a) through (p), to the extent included in determining net income.

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Excess Cash Flow Prepayments: prepayments of the Term Loan Debt based on Excess Cash Flow (as defined in the Term Loan Agreement as in effect on the Sixth Amendment Date) but only to the extent permitted hereunder.

Fixed Charges: the sum of cash interest paid and the amount of scheduled principal payments made on Borrowed Money.

Intercreditor Agreement: that certain Intercreditor Agreement dated as of the Sixth Amendment Date by and between Term Loan Agent and Agent, and as further amended, restated, supplemented or otherwise modified from time to time in accordance therewith.

LIBOR: the per annum rate of interest (rounded up to the nearest 1/8th of 1%) determined by Agent at or about 11:00 a.m. (London time) two Business Days prior to an interest period, for a term equivalent to such period, equal to the London interbank offered rate, or comparable or successor rate approved by Agent, as published on the applicable Reuters screen page (or other commercially available source designated by Agent from time to time); provided, that any such comparable or successor rate shall be applied by Agent, if administratively feasible, in a manner consistent with market practice; provided further, that in no event shall LIBOR be less than 0.50%.

Non-Obligor Subsidiaries: has the meaning given such term in **Section 10.1.9(d)**.

Permitted Distribution: (a) any Distribution made by a Non-Obligor Subsidiary to another Non-Obligor Subsidiary or an Obligor; (b) any Distribution made by a Foreign Obligor to another Obligor; (c) any Distribution made in cash by any Obligor if the following conditions are satisfied: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iv) Borrowers provide Agent evidence that after giving effect to the consummation of such Distribution, Borrowers and their Subsidiaries on a consolidated basis are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, and (v) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution; and (d) following December 31, 2020, Distributions on account of redemptions of Equity Interests of Holdings held by employees, officers, or directors of Holdings (or any spouses, ex-spouses, estates or Affiliates of any of the foregoing); provided, that the aggregate amount of such redemptions made by Holdings in respect of each Fiscal Year prior to the Revolver Termination Date shall not exceed the greater of (i) \$2,000,000 or (ii) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination in respect of which financial statements have been (or were required to be) delivered pursuant to **Section 10.1.2(a)** or **(b)**, as applicable; provided, further, that Distributions under this clause (d) shall be subject to satisfaction of the following conditions: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iv) Borrowers provide Agent evidence that after giving effect to the consummation of such Distribution, Borrowers and their Subsidiaries on a consolidated basis are in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligors have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, and (v) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution.

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Permitted Note Transfer: the transfer of Debt that is permitted pursuant to any of **Section 10.2.1(t)(vii)**, **Section 10.2.1(t)(viii)** or **Section 10.2.1(t)(ix)** after the Sixth Amendment Date either (a) to or between Non-Obligor Subsidiaries or New Foreign Holdcos or (b) to an Obligor, so long as, concurrently with any such transfer, Obligors provide Agent with written notice of the identity of the new holder of such Debt.

Qualifying IPO: shall have the meaning ascribed to such term in the Term Loan Agreement as in effect on the Sixth Amendment Date.

Revolver Termination Date: November 17, 2025.

Term Loan Agent: shall mean Guggenheim Credit Services, LLC, a Delaware limited liability company.

Term Loan Agreement: shall mean that certain Term Loan and Security Agreement dated as of the Sixth Amendment Date by and among the Term Loan Agent, as agent for the Term Loan Lenders, the Term Loan Lenders and Borrowers.

Term Loan Lenders: shall mean the certain financial institutions party to the Term Loan Agreement from time to time.

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U.S. Base Rate: for any day, a per annum rate equal to the greatest of (a) the U.S. Prime Rate for such day; (b) the Federal Funds Rate for such day,

plus 0.50%; or (c) LIBOR for a 30 day interest period as determined on such day, plus 1.00%; provided, that in no event shall the U.S. Base Rate be less than 0.50%.

**Write-Down and Conversion Powers:** (a) the write-down and conversion powers of the applicable EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which powers are described in the EU Bail-In Legislation Schedule; or (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.

(c) By deleting the definitions of "EBITDA Certificate," "GSO," "Line Reserve Period," "Line Reserve Release Conditions," "Line Reserve Release EBITDA," and "MHLLC" contained in **Section 1.1** of the Loan Agreement in their respective entireties.

(d) By deleting clause (a) of the definition of "Excluded Collateral" contained in **Section 1.1** of the Loan Agreement and substituting in lieu thereof the following:

(a) [reserved]

(e) By deleting clause (e) of the definition of "Excluded Collateral" contained in **Section 1.1** of the Loan Agreement and substituting in lieu thereof the following:

(e) Property located outside of the United States or Canada that is acquired in connection with or after the consummation of the Final Foreign Restructuring Transactions by Horsepower, solely in its capacity as nominee or trustee (or any similar or comparable relationship) for Dutch CV Holdco or any New Foreign Holdco, in Horsepower's capacity as general or managing partner of Dutch CV Holdco or such other New Foreign Holdco pursuant to the Organic Documents of Dutch CV Holdco as in effect immediately after the consummation of the Final Foreign Restructuring Transactions or such other New Foreign Holdco, and

(f) By deleting the reference to "minus, prior to Agent's receipt of two (2) consecutive EBITDA Certificates demonstrating Line Reserve Release EBITDA and only during a Line Reserve Period, the Line Reserve" in each of (i) the definition of "LC Conditions" contained in **Section 1.1** of the Loan Agreement and (ii) **Section 2.1.3** of the Loan Agreement.

(g) By deleting clause (i) of the definition of "Permitted Acquisition" in its entirety and substituting in lieu thereof the following:

(i) in connection with Acquisitions of Targets located outside of the United States, the aggregate consideration (including, without limitation, equity consideration, earn out obligations, deferred compensation, non-competition arrangements and the amount of Debt and other liabilities incurred or assumed by the Obligor and their Subsidiaries) paid by Obligor and their Subsidiaries for all such Acquisitions made after the Sixth Amendment Date shall not exceed the Dollar Equivalent of \$50,000,000.

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(h) By deleting the "and" immediately before clause (e) of the definition of "Permitted Foreign Restructuring Transaction" and inserting the following immediately before the period at the end of the definition:

and (f) Agent has provided its prior written consent (not to be unreasonably withheld, conditioned or delayed)

(i) By deleting **Section 2.1.9** of the Loan Agreement in its entirety.

(j) By deleting **Section 1.5** of the Loan Agreement and substituting in lieu thereof the following:

### **1.5 Currency Equivalents; Divisions**

**1.5.1 Currency Equivalents.** Unless expressly provided otherwise, all references in the Loan Documents to Loans, Letters of Credit, Obligations, Commitments, Borrowing Base components and other amounts shall be denominated in Dollars. The Dollar Equivalent of any amounts denominated or reported under a Loan Document in a currency other than Dollars shall be determined by Agent on a daily basis, based on the current Spot Rate. Borrowers shall report Value and other Borrowing Base components to Agent in the currency invoiced by the Obligor or shown in the Obligor's financial records, and unless expressly provided otherwise, herein shall deliver financial statements and calculate financial covenants in Dollars. Notwithstanding anything herein to the contrary, if any Obligation is funded and expressly denominated in a currency other than Dollars, the Obligor shall repay such Obligation in such other currency.

**1.5.2 Divisions.** For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

(k) By adding the following new sentence at the end of clause (b) of **Section 3.1.2** of the Loan Agreement:

Agent does not warrant or accept responsibility for, nor shall it have any liability with respect to, administration, submission or any other matter related to any rate used in determining LIBOR or with respect to any alternate or replacement for or successor to any such rate, any LIBOR Successor Rate Conforming Changes, or the effect of any of the foregoing.

(l) By deleting **Section 3.6** of the Loan Agreement in its entirety and substituting in lieu thereof the following:

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### **3.6 Inability to Determine Rates; Replacement of LIBOR**

**3.6.1 Inability to Determine Rate.** Agent will promptly notify Borrower Agent and Lenders if, in connection with any Loan or request with respect to a Loan, (a) Agent determines that (i) in the case of LIBOR Loans, Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable Loan amount or Interest Period or, in the case of Canadian BA Rate Loans, Canadian bankers' acceptances are not being offered by

banks in the Canadian interbank market, or (ii) adequate and reasonable means do not exist for determining LIBOR or the Canadian BA Rate for the Loan or Interest Period (including with respect to calculation of the Base Rate, Canadian Base Rate or Canadian Prime Rate, as applicable); or (b) Agent or Required Lenders determine for any reason that LIBOR or the Canadian BA Rate for the Interest Period does not adequately and fairly reflect the cost to Lenders of funding or maintaining the Loan. Thereafter, Lenders' obligations to make or maintain affected LIBOR Loans or Canadian BA Rate Loans and utilization of the LIBOR component (if affected) in determining Base Rate or Canadian Base Rate and utilization of the Canadian BA Rate component (if affected) in determining the Canadian Prime Rate shall be suspended until Agent determines (or is instructed by Required Lenders) to withdraw the notice. Upon receipt of such notice, Borrower Agent may revoke any pending request for funding, conversion or continuation of a LIBOR Loan or a Canadian BA Rate Loan or, failing that, will be deemed to have requested a Base Rate Loan, Canadian Base Rate Loan or Canadian Prime Rate Loan, as applicable, and Agent may (or shall upon request by Required Lenders) immediately convert any affected LIBOR Loan to a Base Rate Loan or Canadian Base Rate Loan, as applicable, or any affected Canadian BA Rate Loan to a Canadian Prime Rate Loan.

**3.6.2 Replacement of LIBOR.** Notwithstanding anything to the contrary in any Loan Document, if Agent determines (which determination shall be conclusive absent manifest error), or Borrower Agent or Required Lenders notify Agent (with, in the case of Required Lenders, a copy to Borrower Agent) that Borrowers or Required Lenders (as applicable) have determined, that:

- (a) adequate and reasonable means do not exist for ascertaining LIBOR for any Interest Period hereunder or any other tenors of LIBOR, including because the LIBOR Screen Rate is not available or published on a current basis, and such circumstances are unlikely to be temporary; or
- (b) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over Agent or such administrator has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available or used for determining the interest rate of loans, provided that, at the time of such statement, there is no successor administrator satisfactory to Agent that will continue to provide LIBOR after such specific date (such specific date, "Scheduled Unavailability Date"); or
- (c) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over such administrator has made a public statement announcing that all Interest Periods and other tenors of LIBOR are no longer representative; or
- (d) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR;

then, in the case of clauses (a) through (c) above, on a date and time determined by Agent (any such date, "LIBOR Replacement Date"), which date shall be at the end of an Interest Period or on the relevant interest payment date, as applicable, for interest calculated and shall occur reasonably promptly upon the occurrence of any of the events or circumstances under clauses (a), (b) or (c) above and, solely with respect to clause (b) above, no later than the Scheduled Unavailability Date, LIBOR will be replaced hereunder and under the other Loan Documents with, subject to the proviso below, the first available alternative set forth in the order below for any payment period for interest calculated that can be determined by Agent, in each case, without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document ("LIBOR Successor Rate"; and any such rate before giving effect to the Related Adjustment, "Pre-Adjustment Successor Rate");

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- (x) Term SOFR plus the Related Adjustment; and
- (y) SOFR plus the Related Adjustment;

and in the case of clause (d) above, Agent and Borrower Agent may amend this Agreement solely for the purpose of replacing LIBOR under this Agreement and the other Loan Documents in accordance with the definition of "LIBOR Successor Rate" and such amendment will become effective at 5:00 p.m. on the fifth Business Day after Agent has notified Lenders and Borrower Agent of the occurrence of the circumstances described in clause (d) above unless, prior to such time, Required Lenders have delivered to Agent written notice that such Required Lenders object to the implementation of a LIBOR Successor Rate pursuant to such clause; provided that if Agent determines that Term SOFR has become available, is administratively feasible for Agent and would have been identified as the Pre-Adjustment Successor Rate in accordance with the foregoing if it had been so available at the time that the LIBOR Successor Rate then in effect was so identified, and notifies Borrower Agent and Lenders of such availability, then from and after the beginning of the Interest Period, relevant interest payment date or payment period for interest calculated, in each case, commencing no less than 30 days after the date of such notice, the Pre-Adjustment Successor Rate shall be Term SOFR and the LIBOR Successor Rate shall be Term SOFR plus the relevant Related Adjustment.

Agent will promptly (in one or more notices) notify Borrower Agent and Lenders of (x) any occurrence of any events, periods or circumstances under clauses (a) through (c) above, (y) a LIBOR Replacement Date, and (z) the LIBOR Successor Rate. Any LIBOR Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for Agent, such LIBOR Successor Rate shall be applied in a manner as otherwise reasonably determined by Agent. Notwithstanding anything to the contrary in any Loan Document, if at any time any LIBOR Successor Rate as so determined would otherwise be less than 0.50%, the LIBOR Successor Rate will be deemed to be 0.50% for the purposes of this Agreement and the other Loan Documents.

In connection with the implementation of a LIBOR Successor Rate, Agent will have the right to make LIBOR Successor Rate Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such LIBOR Successor Rate Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment effected, Agent shall post each such amendment implementing such LIBOR Successor Rate Conforming Changes to Borrower Agent and Lenders reasonably promptly after such amendment becomes effective.

If events or circumstances of the type described in clauses (a) through (c) above occur with respect to any LIBOR Successor Rate then in effect, the successor rate thereto shall be determined in accordance with the definition of "LIBOR Successor Rate."

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**3.6.3 Alternate Benchmark Rate.** Notwithstanding anything to the contrary herein, (a) after any such determination by Agent or receipt by Agent of any such notice described in **Section 3.6.2(a)** through (c), as applicable, if Agent determines that none of the LIBOR Successor Rates is available on or prior to the LIBOR Replacement Date, (ii) if the events or circumstances described in **Section 3.6.2(d)** have occurred but none of the LIBOR Successor Rates is

available, or (iii) if the events or circumstances of the type described in **Section 3.6.2(a)** through **(c)** have occurred with respect to the LIBOR Successor Rate then in effect and Agent determines that none of the LIBOR Successor Rates is available, then in each case, Agent and Borrower Agent may amend this Agreement solely for the purpose of replacing LIBOR or any then current LIBOR Successor Rate in accordance with this Section at the end of any Interest Period, relevant interest payment date or payment period for interest, as applicable, with another alternate benchmark rate giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such alternative benchmarks and, in each case, including any Related Adjustments and any other mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated syndicated credit facilities for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by Agent from time to time in its discretion and may be periodically updated. For the avoidance of doubt, any such proposed rate and adjustments shall constitute a LIBOR Successor Rate. Any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after Agent has posted such proposed amendment to Lenders and Borrower Agent unless, prior to such time, Required Lenders have delivered to Agent written notice that such Required Lenders object to such amendment.

3.6.4 No Successor Rate. If, at the end of any Interest Period, relevant interest payment date or payment period for interest calculated, no LIBOR Successor Rate has been determined in accordance with **Section 3.6.2** or **3.6.3** and the circumstances under **Section 3.6.2(a)** or **(c)** exist or the Scheduled Unavailability Date has occurred (as applicable), Agent will promptly so notify Borrower Agent and Lenders. Thereafter, (a) the obligation of Lenders to make or maintain LIBOR Loans shall be suspended (to the extent of the affected LIBOR Loans, Interest Periods, interest payment dates or payment periods), and (b) the LIBOR component shall no longer be utilized in determining Base Rate or Canadian Base Rate, until the LIBOR Successor Rate has been determined in accordance with **Section 3.6.2** or **3.6.3**. Upon receipt of such notice, Borrowers may revoke any pending request for a Borrowing of, conversion to or continuation of LIBOR Loans (to the extent of the affected Loans, Interest Periods, interest payment dates or payment periods) or, failing that, will be deemed to have converted such request into a request for Base Rate Loans or Canadian Base Rate Loans (subject to clause (b) above), as applicable.

(m) By deleting the reference to "or" immediately after clause (b) of **Section 8.5** of the Loan Agreement, by deleting the reference to ")," at the end of clause (c) of **Section 8.5** of the Loan Agreement and by substituting in lieu thereof a reference to ", or", and by adding the following new clause (d) to **Section 8.5** of the Loan Agreement:

(d) Deposit Accounts that are zero balance disbursement accounts).

(n) By deleting the last sentence of **Section 9.1.1** of the Loan Agreement and substituting in lieu thereof the following:

No Obligor is an Affected Financial Institution or Covered Entity. The information included in the Beneficial Ownership Certification most recently provided to Agent and each Lender is true and complete in all respects.

(o) By deleting clause (c) of **Section 10.1.2** of the Loan Agreement and substituting in lieu thereof the following:

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(c) concurrently with the delivery of financial statements under clauses (a) and (b) above (or more frequently if requested by Agent while a Default or an Event of Default exists), whether or not a Covenant Testing Period exists, a Compliance Certificate executed by a senior financial officer of Borrower Agent or Safariland;

(p) By deleting the "and" immediately after clause (j) of **Section 10.1.2** of the Loan Agreement, by deleting the "." at the end of clause (k) of **Section 10.1.2** of the Loan Agreement and by substituting in lieu thereof a reference to "; and", and by adding the following new clause (l) to **Section 10.1.2** of the Loan Agreement:

(l) concurrently with the delivery to the directors of Holdings (and in the same manner delivery is made to them), copies of all written materials that are provided to such directors with respect to any meeting of such directors or any written consent in lieu of meeting; provided, however, that the Obligors shall not be obligated hereunder to provide information under this clause (l) if they have reasonably determined in good faith that such disclosure would adversely affect the attorney-client privilege between any Obligor and its counsel.

(q) By deleting the reference to "(provided, that in each case such pledge of the Equity Interests to secure the U.S. Direct Obligations shall be limited to (x) first-tier Subsidiaries of U.S. Obligors and (y) 65% of the outstanding voting Equity Interests)" contained in subclause (b)(i) of **Section 10.1.9** of the Loan Agreement in its entirety.

(r) By deleting clause (c) of **Section 10.1.9** of the Loan Agreement and substituting in lieu thereof the following:

(c) if such Person is a first-tier Foreign Subsidiary of an Obligor that is not a Canadian Subsidiary, cause it, and the other Obligors, as applicable, to:

(i) execute and deliver to Agent such supplements or amendments to this Agreement and the other Loan Documents as Agent deems necessary or appropriate to (A) grant to Agent, for the benefit of the Secured Parties, a perfected Lien (subject only to the Lien of Term Loan Agent) in 100% of the Equity Interests of such new Subsidiary; and

(ii) deliver to Agent evidence that any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank and delivered by a duly authorized officer of such Obligor have been delivered to Term Loan Agent to hold for Agent as bailee for perfection purposes in accordance with the terms of the Intercreditor Agreement.

(d) if, as of the end of any fiscal quarter, (x) any Foreign Subsidiary (excluding Canadian Subsidiaries), when taken together with all other Foreign Subsidiaries organized or incorporated under the laws of the same jurisdiction as such Foreign Subsidiary, collectively constitutes more than 5.0% of the aggregate revenues and/or 10% of the consolidated total assets, in each case, of the Obligors and their Subsidiaries taken as a whole, and/or (y) the consolidated EBITDA of all Foreign Subsidiaries (excluding Canadian Subsidiaries) that do not guaranty any of the Obligations (all such Subsidiaries, the "Non-Obligor Subsidiaries") is greater than 20% of the consolidated EBITDA of Holdings and all of its Subsidiaries ((x) and (y), the "Foreign Security Thresholds"), cause the applicable Obligors to promptly notify Agent and:

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(i) (A) to the extent necessary to comply with the Foreign Security Thresholds, take such action as Agent in good faith deems necessary or appropriate to grant to Agent, for the benefit of Secured Parties, a perfected Lien in the Collateral in which each such Subsidiary has an interest securing the Obligations, including the filing or registration of such Liens as may be deemed necessary or appropriate by Agent, (B) deliver to Agent a perfection certificate of each such Subsidiary in form and substance reasonably satisfactory to Agent, duly executed on behalf of such Subsidiary and (C) execute and deliver a Guaranty, in form and substance reasonably acceptable to Agent, to guarantee payment or performance of the

Obligations; provided that, (i) if Borrower Agent reasonably determines in good faith that the granting of Liens and delivery of the Guaranty set forth in the preceding clauses (A) and (C), respectively, in respect of the U.S. Direct Obligations would result in adverse tax consequences which are not de minimus then such Liens and Guaranty shall be limited to the Canadian Obligations; and (ii) Agent shall consult with Borrower Agent with respect to the relevant costs and burdens relating to any such actions before the requirement of same so that they may discuss any alternative less costly or burdensome measures in order to comply with the Foreign Security Thresholds; and

(ii) if requested by Agent, deliver to Agent legal opinions relating to the matters described above, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent;

provided, that, notwithstanding the foregoing, if, in the reasonable discretion of Agent, the taking of any of the actions set forth in (i)-(ii) of this clause (d), or the continued maintenance of such guarantees and security, would result in present and future costs to the Obligors (including adverse tax consequences) which are excessive in relation to the relative benefits of such guarantees and security accruing to the Secured Parties, the Agent shall have the discretion to limit or release the guarantees and security to reduce such present and future costs to the Obligors.

(s) By deleting clause (o) of **Section 10.2.1** of the Loan Agreement and substituting in lieu thereof the following:

(o) Debt incurred in connection with a Permitted Acquisition, to the extent permitted under the definition of Permitted Acquisition, that consists of Debt existing prior to the consummation of the Permitted Acquisition (and not incurred in contemplation thereof) that is permitted to be assumed by the Obligors pursuant to (and subject to the limitations set forth in) clause (d) above as Permitted Purchase Money Debts and does not constitute a revolving credit facility;

(t) By deleting each reference to "Dutch CV Holdco" contained in subclauses (t)(vii) – (t)(ix) of **Section 10.2.1** of the Loan Agreement and substituting in lieu thereof a reference to "Dutch CV Holdco or a New Foreign Holdco."

(u) By deleting the "and" immediately after clause (v) of **Section 10.2.1** of the Loan Agreement, by deleting the "." at the end of clause (w) of **Section 10.2.1** of the Loan Agreement and by substituting in lieu thereof a reference to "; and", and by adding the following new clause (x) to **Section 10.2.1** of the Loan Agreement:

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(x) so long as no Default or Event of Default shall have occurred and be continuing as of the date of incurrence thereof, Debt of Foreign Subsidiaries who are not Obligors in an aggregate amount not to exceed \$35,000,000 at any one time outstanding; provided that such Indebtedness is incurred or assumed in connection with an Investment permitted hereunder (including any Permitted Acquisition), is not recourse to any of the Obligors, and is not secured by the Collateral.

(v) By deleting clause (c) of **Section 10.2.8** of the Loan Agreement and substituting in lieu thereof the following:

(c) the Term Loan Debt, except (i) mandatory prepayments and regularly scheduled payments of principal, interest and fees in accordance with the Term Loan Debt Documents and the Intercreditor Agreement, in each case in effect on the Sixth Amendment Date, (ii) Excess Cash Flow Prepayments in accordance with the Term Loan Debt Documents as in effect on the Sixth Amendment Date, and (iii) voluntary prepayments (excluding Excess Cash Flow Prepayments) so long as each of the following conditions is satisfied with respect to any such voluntary prepayments: (x) no Default, Event of Default or "Event of Default" under (and as defined) in the Term Loan Debt Documents then exists or would result from such prepayment; (y) the amount of pro forma Availability (1) after giving effect to such prepayment, (2) on the date of such prepayment and (3) on average for the sixty (60) consecutive day period preceding such prepayment, is at least equal to the greater of (A) 25% of the Commitments and (B) \$11,500,000; and (z) Agent has received evidence that after giving effect to the consummation of such prepayment, Borrowers will be in compliance with the financial covenant set forth in **Section 10.3** on a pro forma basis, measured as of the most recently ended fiscal month for which Borrowers have delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended.

(w) By deleting **Section 12.2.1** of the Loan Agreement in its entirety and substituting in lieu thereof the following:

**12.2.1 Lien Releases; Care of Collateral.** Secured Parties authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations secured by such Collateral; (b) that is the subject of a Permitted Asset Disposition; (c) that is the subject of a disposition pursuant to **Section 8.4.2**; (d) in connection with exercising Agent's rights pursuant to the last paragraph of **Section 10.1.9(d)** or (e) subject to **Section 14.1**, with the consent of Required Lenders. Secured Parties authorize Agent to subordinate its Liens to any Purchase Money Lien or other Lien entitled to priority hereunder. Agent shall have no obligation to assure that any Collateral exists or is owned by an Obligor, or is cared for, protected or insured, nor to assure that Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

(x) By adding the following new **Section 12.16** to the Loan Agreement immediately after **Section 12.15** of the Loan Agreement:

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## **12.16 Certain ERISA Matters**

**12.16.1 Lender Representations.** Each Lender represents and warrants, as of the date it became a Lender party hereto, and covenants, from the date it became a Lender party hereto to the date it ceases being a Lender party hereto, for the benefit of, Agent and not, for the avoidance of doubt, to or for the benefit of Obligors, that at least one of the following is and will be true: (a) such Lender is not using "plan assets" (within the meaning of ERISA Section 3(42) or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, Letters of Credit, Commitments or Loan Documents; (b) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, Letters of Credit, Commitments and Loan Documents; (c) (i) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (ii) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, Letters of Credit, Commitments and Loan Documents, (iii) the entrance into, participation in, administration of and performance of the Loans, Letters of Credit, Commitments and Loan Documents satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14, and (iv) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's

entrance into, participation in, administration of and performance of the Loans, Letters of Credit, Commitments and Loan Documents; or (d) such other representation, warranty and covenant as may be agreed in writing between Agent, in its discretion, and such Lender.

12.16.2 **Further Lender Representation.** Unless **Section 12.16.1(a)** or **(d)** is true with respect to a Lender, such Lender further represents and warrants, as of the date it became a Lender hereunder, and covenants, from the date it became a Lender to the date it ceases to be a Lender hereunder, for the benefit of, Agent and not, for the avoidance of doubt, to or for the benefit of any Obligor, that Agent is not a fiduciary with respect to the assets of such Lender involved in its entrance into, participation in, administration of and performance of the Loans, Letters of Credit, Commitments and Loan Documents (including in connection with the reservation or exercise of any rights by Agent under any Loan Document).

(y) By deleting clause (d) of **Section 14.1.1** of the Loan Agreement and substituting in lieu thereof the following:

(d) without the prior written consent of all Lenders (except any Defaulting Lender), no modification shall be effective that would (i) alter **Section 5.6.2, 7.1** (except to add Collateral) or **14.1.1**; (ii) amend the definition of Borrowing Base (or any defined term used in such definition), U.S. Borrowing Base (or any defined term used in such definition), Pro Rata or Required Lenders; (iii) increase any advance rate under the U.S. Borrowing Base or the Canadian Borrowing Base; (iv) release any Borrower or all or a material portion of the Guarantors or that would effect a release of (or a subordination of Agent's liens on) all or a material portion of the Collateral, in each case, in any transaction or series of related transactions (other than in connection with asset sales, permitted dispositions, permitted mergers, permitted liquidations or dissolutions or as otherwise permitted under the Loan Documents, in each case, as in effect on the Sixth Amendment Date);

(z) By deleting the "and" immediately after clause (f) of **Section 14.1.1** of the Loan Agreement, deleting the "." immediately after clause (g) of **Section 14.1.1** of the Loan Agreement and by substituting in lieu thereof a ";" and by adding the following new clauses (h), (i) and (j) to **Section 14.1.1** of the Loan Agreement:

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(h) without the prior written consent of all Lenders, no modification shall be effective with respect to (i) any pro rata sharing, payment, or setoff provision of any Loan Document or (ii) any other provision of a Loan Document, in each case, in a manner that would alter (or have the effect of altering) the pro rata allocation among the Lenders of any payments, disbursements, or setoffs;

(i) without the prior written consent of all Lenders, no modification shall be effective that subordinates any of the Obligations or any Lien created by this Agreement or any other Loan Document; and

(j) without the prior written consent of all Lenders, no modification shall be effective that permits the assignment or transfer by any Obligor of any of its rights and obligations under any Loan Document.

(aa) By deleting the reference to "EEA Financial Institutions" in the section heading for **Section 14.15** of the Loan Agreement and by substituting in lieu thereof a reference to "Affected Financial Institutions."

(bb) By deleting **Section 14.15.3** of the Loan Agreement and substituting in lieu thereof the following:

14.15.3 **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 the parties, each party hereto (including each Secured Party) acknowledges that, with respect to any Secured Party that is an Affected Financial Institution, any liability of such Secured Party arising under a 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 each party hereto 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 liability which may be payable to it by such Secured Party; and (b) the effects of any Bail-in Action on any such liability, including (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 entity, 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 any Loan Document; or (iii) the variation of the terms of such liability in connection with the exercise of any Write-Down and Conversion Powers.

(cc) By adding the following new **Sections 14.20** and **14.21** to the Loan Agreement immediately after **Section 14.19** of the Loan Agreement:

**14.20 Execution: Electronic Records.** A Communication, including any required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. An Electronic Signature on or associated with a Communication shall be valid and binding on each Obligor and other party thereto to the same extent as a manual, original signature, and any Communication entered into by Electronic Signature shall constitute the legal, valid and binding obligation of each party, enforceable to the same extent as if a manually executed original signature were delivered. A Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. The parties may use or accept manually signed paper Communications converted into electronic form (such as scanned into pdf), or electronically signed Communications converted into other formats, for transmission, delivery and/or retention. Agent and Lenders may, at their option, create one or more copies of a Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of the Person's business, and may destroy the original paper document. Any Communication in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything herein, (a) Agent is under no obligation to accept an Electronic Signature in any form unless expressly agreed by it pursuant to procedures approved by it; (b) each Secured Party shall be entitled to rely on any Electronic Signature purportedly given by or on behalf of an Obligor without further verification; and (c) upon request by Agent, an Electronic Signature shall be promptly followed by a manually executed counterpart. "Electronic Record" and "Electronic Signature" are used herein as defined in 15 U.S.C. § 7006.

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**14.21 Acknowledgment Regarding Supported QFCs** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

14.21.1 **Covered Party.** If a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regimes if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. If a Covered Party or BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regimes if the Supported QFC and Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

14.21.2 **Definitions.** As used in this Section, (a) "BHC Act Affiliate" means an "affiliate," as defined in and interpreted in accordance with 12 U.S.C. §1841(k); (b) "Default Right" has the meaning assigned in and interpreted in accordance with 12 C.F.R. §§252.81, 47.2 or 382.1, as applicable; and (c) "QFC" means a "qualified financial contract," as defined in and interpreted in accordance with 12 U.S.C. §5390(c)(8)(D).

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**5. Ratification and Reaffirmation.** Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement and each of the other Loan Documents and all of such Obligor's covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents.

**6. Acknowledgments and Stipulations.** Each Obligor acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Obligor are legal, valid and binding obligations of such Obligor that are enforceable against such Obligor in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Obligor); and the security interests and Liens granted by such Obligor in favor of Agent are duly perfected security interests and Liens having the priority set forth in the Intercreditor Agreement.

**7. Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligors and this Amendment has been duly executed and delivered by Obligors; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**8. Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

**9. Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default in accordance with the terms and conditions set forth in **Section 11.1** of the Loan Agreement.

**10. Conditions Precedent.** The effectiveness of the consent contained in **Section 2** of this Amendment, the release contained in **Section 3** of this Amendment and the amendments contained in **Section 4** of this Amendment is subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent:

(a) Agent shall have received a duly signed counterpart of this Amendment from Obligors and each Lender;

(b) Agent shall have received copies of the fully-executed New Term Loan Agreement and all material documents, instruments and agreements executed in connection therewith (collectively with the New Term Loan Agreement, the "New Term Loan Debt Documents"), certified by an officer of Holdings to be true, correct and complete, each of which shall be in form and substance acceptable to Agent;

(c) The transactions contemplated by the New Term Loan Debt Documents shall have been consummated on terms and subject to legal documentation reasonably satisfactory to Agent.

(d) Agent shall have received from each Obligor a copy of resolutions authorizing execution and delivery of this Amendment and the other Loan Documents entered into concurrently herewith or pursuant hereto;

(e) Agent shall have received a certificate of a duly authorized officer of each Obligor, certifying (i) the Organic Documents of such Obligor that were delivered on the date referenced in such certificate remain, as of the date of such certificate, true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of this Amendment and the other Loan Documents entered into concurrently herewith or pursuant hereto is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this Amendment; and (iii) the title, name and signature of each Person authorized to sign this Amendment and the other Loan Documents entered into concurrently herewith or pursuant hereto;

(f) Agent shall have received long form good standing certificates for each Obligor, issued by (i) the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization and (ii) the Secretary of State or other appropriate official in each jurisdiction set forth on Schedule 6.1(g) of the Loan Agreement.

(g) Agent shall have received the amendment fee referenced in **Section 12** hereof;

(h) Upon giving effect to the transactions contemplated by this Amendment and the New Term Loan Debt Documents, Availability shall be at least the Dollar Equivalent of \$16,000,000;

(i) Agent shall have received a duly signed counterpart of an amendment to the Pledge Agreement from the Obligors party thereto; and

(j) Agent shall have received such other documents, instruments and agreements as shall be requested by Agent in its reasonable discretion.

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**11. Post-Closing Obligations.** Obligors shall comply with the following post-closing obligations on or prior to the dates set forth below (or such other date as Agent shall agree):

(a) Unless such Deposit Account is already subject to a Deposit Account Control Agreement in favor of Agent, to the extent required pursuant to the Loan Agreement, on or before the date that is ninety (90) days after the Sixth Amendment Date (or such later date as the Agent may consent to in writing in its discretion), deliver to Agent (i) a Deposit Account Control Agreement for each Deposit Account listed in Schedule 8.5 to the Loan Agreement or (ii) evidence reasonably satisfactory to Agent that such Deposit Accounts are not required to be subject to a Deposit Account Control Agreement pursuant to the Loan Agreement.

(b) On or before the date that is ninety (90) days after the Sixth Amendment Date (or such later date as Agent may consent to in writing in its discretion), execute and deliver to Agent a pledge, in form and substance reasonably satisfactory to Agent, of 100% of the outstanding Equity Interests of Dutch CV Holdco (or, if the Obligors shall have consummated a Foreign Restructuring Transaction (or similar transaction) on or prior to such date and, in connection therewith, any other Subsidiary replaced Dutch CV Holdco as a direct Subsidiary of a U.S. Obligor, 100% of the outstanding Equity Interests of such Subsidiary) to secure the U.S. Direct Obligations; provided, that, in connection with foregoing, Obligors shall (i) deliver to Agent any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank by a duly authorized officer of the applicable pledging Obligor, (ii) if requested by Agent in its discretion, deliver to Agent legal opinions relating to the matters described in this provision, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent, and (iii) take such other action as Agent in good faith deems necessary or appropriate to perfect Agent's security interest in such Equity Interests.

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(c) On or before the date that is ninety (90) days after the Sixth Amendment Date (or such later date as Agent may consent to in writing in its discretion), execute and deliver to Agent a pledge, in form and substance reasonably satisfactory to Agent, of 100% of the outstanding Equity Interests of The Safariland Group SPRL; provided, that such pledge shall not be required if on or before such date, The Safariland Group SPRL becomes a wholly owned Subsidiary of Dutch CV Holdco or one of its Subsidiaries (or, if the Obligors shall have consummated a Foreign Restructuring Transaction (or similar transaction) on or prior to such date, a fully owned Subsidiary of any other Subsidiary replacing Dutch CV Holdco or one of such replacement Subsidiary's Subsidiaries).

**12. Amendment Fee; Expenses of Agent.** In consideration of Agent's willingness to enter into this Amendment as set forth herein, Obligors agree to pay to Agent an amendment fee in the amount of \$75,000 in immediately available funds on the date hereof. Additionally, Obligors further agree to pay, **on demand**, all costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

**13. Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles.

**14. Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**15. No Novation, etc.** Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

**16. Counterparts; Electronic Signatures.** This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto. This Amendment may be in the form of an Electronic Record and may be executed using electronic signatures (including facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. For the avoidance of doubt, the authorization under this paragraph may include use or acceptance by Agent of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention.

**17. Further Assurances.** Obligors agree to take such further actions as Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

**18. Section Titles.** Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

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**19. Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

**20. Parallel Liability.**

(a) In this Section 20, (i) "Corresponding Liabilities" means all present and future liabilities and contractual and non-contractual obligations of an Obligor under or in connection with the Loan Agreement, as amended by this Amendment, and the other Loan Documents, but excluding its Parallel Liability, and (ii) "Parallel Liability" means an Obligor's undertaking pursuant to this Section 20.

(b) Each Obligor irrevocably and unconditionally undertakes to pay to Agent an amount equal to the aggregate amount of its Corresponding Liabilities (as these may exist from time to time).

(c) The parties hereto agree that:

(i) an Obligor's Parallel Liability is due and payable at the same time as, for the same amount of and in the same currency as its Corresponding Liabilities;

(ii) an Obligor's Parallel Liability is decreased to the extent that its Corresponding Liabilities have been irrevocably paid or discharged and its Corresponding Liabilities are decreased to the extent that its Parallel Liability has been irrevocably paid or discharged;

(iii) an Obligor's Parallel Liability is independent and separate from, and without prejudice to, its Corresponding Liabilities, and constitutes a single obligation of such Obligor to Secured Parties (even though such Obligor may owe more than one Corresponding Liability to Secured Parties under the Loan Documents) and an independent and separate claim of Secured Parties to receive payment of that Parallel Liability (in its capacity as the independent and separate creditor of that Parallel Liability and not as a co-creditor in respect of the Corresponding Liabilities); and

(iv) for purposes of this Section 20, Agent acts in its own name and not as agent, representative or trustee of Secured Parties and accordingly holds neither its claim resulting from a Parallel Liability nor any security agreement securing a Parallel Liability on trust.

[Remainder of page intentionally left blank;  
signatures begin on following page.]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

**OBLIGORS:**

**MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MED-ENG, LLC  
SENCAN HOLDINGS, LLC  
ATLANTIC TACTICAL, INC.  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
GH ARMOR SYSTEMS INC.  
DEFENSE TECHNOLOGY, LLC  
MED-ENG HOLDINGS ULC PACIFIC SAFETY PRODUCTS INC.**

By: /s/ BLAINE BROWERS  
**Blaine Browsers**, Chief Financial Officer

[Signatures continued on following page.]

Sixth Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

**AGENT:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
John M. Olsen, Senior Vice President

**U.S. LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.**

By: /s/ JOHN M. OLSEN  
John M. Olsen, Senior Vice President

[Signatures continued on following page.]

Sixth Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

**CANADIAN LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ SYLWIA DURKIEWICZ  
Name: Sylwia Durkiewicz  
Title: Vice President

Sixth Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)



**SEVENTH AMENDMENT TO  
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

THIS SEVENTH AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into as of March 1, 2021, by and among MAUI ACQUISITION CORP., a Delaware corporation ("Holdings"), SAFARILAND, LLC, a Delaware limited liability company ("Safariland"), SAFARILAND GLOBAL SOURCING, LLC, a Delaware limited liability company ("Global Sourcing"), HORSEPOWER, LLC, a Delaware limited liability company ("Horsepower"), MED-ENG, LLC, a Delaware limited liability company ("Med-Eng"), SENCAN HOLDINGS, LLC, a Delaware limited liability company ("Sencan Holdings"), ATLANTIC TACTICAL, INC., a Pennsylvania corporation ("ATI"), LAWMEN'S DISTRIBUTION, LLC, a Delaware limited liability company ("Lawmen's"), SAFARILAND DISTRIBUTION, LLC, a Delaware limited liability company ("Distribution"), UNITED UNIFORM DISTRIBUTION, LLC, a Delaware limited liability company ("UUD"), GH ARMOR SYSTEMS INC., a Delaware corporation ("GH Armor"), DEFENSE TECHNOLOGY, LLC, a Delaware limited liability company ("DefTech"; together with Holdings, Safariland, Global Sourcing, Horsepower, Med-Eng, Sencan Holdings, ATI, Lawmen's, Distribution, UUD and GH Armor, collectively, "U.S. Borrowers"), MED-ENG HOLDINGS ULC, a British Columbia unlimited liability company ("Canadian Borrower"; together with U.S. Borrowers, collectively, "Borrowers"), PACIFIC SAFETY PRODUCTS INC., a Canadian corporation ("PSP"; together with Borrowers, collectively, "Obligors"), as a Canadian Guarantor, the financial institutions party thereto from time to time as lenders (collectively, "Lenders"), and BANK OF AMERICA, N.A., a national banking association, as agent for Lenders ("Agent").

**Recitals:**

Agent, Lenders and Obligors are parties to that certain Second Amended and Restated Loan and Security Agreement dated as of November 18, 2016 (as at any time amended, restated, supplemented or otherwise modified, the "Loan Agreement"), pursuant to which Agent and Lenders have made extensions of credit and other financial accommodations available to Borrowers.

The parties desire to amend the Loan Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.
2. **Amendments to Loan Agreement.** Upon satisfaction of the conditions precedent set forth in Section 8 of this Amendment, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent, the Loan Agreement shall be amended as follows:

(a) By adding the following new definitions of "Qualified LTIP Accrual Amounts" and "Rescindable Amount" to Section 1.1 of the Loan Agreement in proper alphabetical order:

Qualified LTIP Accrual Amounts: Any accrued compensation expense (to the extent such expense is deducted in the calculation of net income) under a Long Term Incentive Plan of any of the Obligors or Subsidiaries when (i) no Default or Event of Default is existing immediately before giving effect to such accrual or will result immediately after giving effect to such accrual, (ii) Borrowers provide Agent evidence that after giving effect to the consummation of such accrual, Borrowers and their Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0, as measured on the Compliance Certificate (in respect of the quarter in which such accrual was made) provided on the next date Obligors have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve fiscal month period then ended, (iii) immediately after giving effect to such accrual, the Leverage Ratio (as defined in the Term Loan Agreement) of the Obligors, on a consolidated basis, is less than or equal to 5.00 to 1.00, as measured on the Compliance Certificate (in respect of the quarter in which such accrual was made) provided to Term Loan Agent on the next date Obligors have delivered the financial statements required under Section 10.1.2(a) or (b) of the Term Loan Agreement, as the case may be, for the twelve fiscal month period then ended, and (iv) each Obligor and each Guarantor shall be Solvent immediately before and immediately after giving effect to such accrual.

"Rescindable Amount" has the meaning as defined in Section 5.5.2(b).

(b) By deleting clause (g) of the definition of "EBITDA" set forth in Section 1.1 of the Loan Agreement and substituting in lieu thereof the following:

(g) (I) non-cash compensation to officers, directors and employees paid in the form of Equity Interests to the extent permitted by Section 10.2.17 and (II) cash compensation consisting of Qualified LTIP Accrual Amounts to officers, directors and employees up to a maximum in respect of each Fiscal Year of Obligors and their Subsidiaries equal to (x) the greater of (A) \$2,000,000 or (B) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination less (y) the aggregate amount of Permitted Distributions made under clause (d) of the definition thereof during such period,

(c) By deleting the definition of "New Foreign Holdcos" contained in Section 1.1 of the Loan Agreement and substituting in lieu thereof the following:

New Foreign Holdcos: one or more Non-Obligor Subsidiaries that are organized under the laws of the Netherlands (or such other jurisdiction of formation reasonably acceptable to the Required Lenders) or, subject to Section 7.6(c), under the laws of Hong Kong and in each case formed after the Closing Date.

(d) By deleting clause (d) of the definition of "Permitted Distributions" contained in Section 1.1 of the Loan Agreement and substituting in lieu thereof the following:

(d) following December 31, 2020, Distributions on account of redemptions of Equity Interests of Holdings held by employees, officers, or directors of Holdings (or any spouses, ex-spouses, estates or Affiliates of any of the foregoing); provided, that the aggregate amount of such redemptions made by Holdings in respect of each Fiscal Year prior to the Revolver Termination Date shall not exceed (x) the greater of (i) \$2,000,000 or (ii) 5% of EBITDA for the four Fiscal Quarter period most recently ended as of such date of determination in respect of which financial statements have been (or were required to be) delivered pursuant to Section 10.1.2(a) or (b), as applicable less (y) the aggregate amount of cash compensation consisting of Qualified LTIP Accrual Amounts added to EBITDA pursuant to clause (g)(II) thereof in respect of such period; provided, further, that Distributions under this clause (d) shall be subject to the satisfaction of the following conditions: (i) no Default or Event of Default has occurred or would result from such Distribution, (ii) Average Availability for the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the

aggregate Commitments and (B) \$11,500,000, (iii) Availability, on the date of such Distribution, immediately after giving effect to the consummation of such Distribution (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to the greater of (A) 25% of the aggregate Commitments and (B) \$11,500,000, (iv) Borrowers provide Agent evidence that after giving effect to the consummation of such Distribution, Borrowers and their Subsidiaries on a consolidated basis shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended fiscal month for which Obligor has delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, (v) after giving effect to the consummation of such Distribution, the Leverage Ratio (as defined in the Term Loan Agreement) of the Obligor, on a consolidated basis, is less than or equal to 5.00 to 1.00; provided, that such financial covenant shall be measured as of the most recently ended fiscal month for which Obligor has delivered the financial statements required under **Section 10.1.2(a)** or **(b)**, as the case may be, for the twelve fiscal month period then ended, and (vi) each Obligor and each Guarantor shall be Solvent before and after giving effect to such Distribution.

(c) By deleting **Section 5.5** of the Loan Agreement and substituting in lieu thereof the following:

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## **5.5      Marshaling; Payments Set Aside; Rescindable Payments**

5.5.1      Marshaling; Payments Set Aside. None of Agent or Lenders shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of Borrowers is made to Agent, any Issuing Bank or any Lender, or Agent, any Issuing Bank or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Agent, such Issuing Bank or such Lender in its discretion) to be repaid to a Creditor Representative or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

### **5.5.2      Payments by Borrower; Presumptions by Agent**

(a) Unless Agent shall have received notice from Borrowers prior to the date on which any payment is due to Agent for the account of Lenders or any Issuing Bank hereunder that Borrowers will not make such payment, Agent may assume that Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to Lenders or the applicable Issuing Bank, as the case may be, the amount due.

(b) With respect to any payment that Agent makes for the account of Lenders or any Issuing Bank hereunder as to which Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the “Rescindable Amount”): (1) Borrowers have not in fact made such payment; (2) Agent has made a payment in excess of the amount so paid by Borrowers (whether or not then owed); or (3) Agent has for any reason otherwise erroneously made such payment; then each Lender or the applicable Issuing Bank, as the case may be, severally agrees to repay to Agent forthwith on demand the Rescindable Amount so distributed to such Lender or such Issuing Bank, in immediately available funds 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 Agent, at the greater of the Federal Funds Rate and a rate determined by Agent in accordance with banking industry rules on interbank compensation. A notice of Agent to any Lender, any Issuing Bank or Borrowers with respect to any amount owing under this **Section 5.5.2** shall be conclusive, absent manifest error.

(f) By adding the following new clause (e) to **Section 7.6** of the Loan Agreement:

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(e) To the extent that in any period for which a Compliance Certificate is delivered to Agent hereunder the consolidated EBITDA of all New Foreign Holdcos formed under the laws of Hong Kong and their Subsidiaries that do not guaranty any of the Obligations is greater than 20% of the consolidated EBITDA of Holdings and all of its Subsidiaries, at Agent’s election at any time after the delivery of such Compliance Certificate and notice thereof to the Borrower Agent, the Obligor shall (i) redomicile such New Foreign Holdcos in a jurisdiction reasonably satisfactory to Agent (other than Hong Kong) or otherwise enter into one or more Permitted Foreign Restructuring Transactions consented to by Agent, and (ii) execute and deliver to Agent a pledge, in form and substance reasonably satisfactory to Agent, of 100% of the outstanding Equity Interests of such New Foreign Holdcos, as applicable, and, in connection therewith, any other Subsidiary replacing such New Foreign Holdcos as a direct Subsidiary of a U.S. Obligor, 100% of the outstanding Equity Interests of such Subsidiary) to secure the U.S. Direct Obligations, in each case within 90 days of the notice of such election (or such later date as the Agent may consent to in writing in its discretion); provided, that, in connection with the foregoing, Obligor shall (1) deliver to Agent any certificates representing such Equity Interests, together with undated stock or other applicable transfer powers, executed in blank by a duly authorized officer of the applicable pledging Obligor, (2) if requested by Agent in its discretion, deliver to Agent legal opinions relating to the matters described in this provision, which opinions shall be in form and substance substantially similar to the legal opinions delivered pursuant to **Section 6.1(f)** and otherwise in form and substance, and from counsel, reasonably satisfactory to Agent, and (3) take such other action as Agent in good faith deems necessary or appropriate to perfect Agent’s security interest in such Equity Interests.

(g) By deleting **Section 11.1(p)** of the Loan Agreement and substituting in lieu thereof the following:

(p) From and after May 31, 2021, Horsepower shall hold or acquire Property which is located outside of the United States having a fair market or book value (whichever is more) in excess of \$250,000 other than (i) Equity Interests which are required to be pledged as Collateral or collaterally assigned to Agent as security for the Obligations pursuant to this Agreement; and (ii) Property of the type described in clause (e) of the definition of Excluded Collateral.

(h) By adding the following new **Section 12.17** to the Loan Agreement:

**12.17      Recovery of Erroneous Payments**. Without limitation of any other provision in this Agreement, if at any time Agent makes a payment hereunder in error to any Secured Party, whether or not in respect of an Obligation due and owing by Borrowers at such time, where such payment is a Rescindable Amount, then in any such event, each Secured Party receiving a Rescindable Amount severally agrees to repay to Agent forthwith on demand the Rescindable Amount received by such Secured Party in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to Agent, at the greater of the Federal Funds Rate and a rate determined by Agent in accordance with banking industry rules on interbank compensation. Each Secured Party irrevocably waives any and all defenses, including any “discharge for value” (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. Agent shall inform each Secured Party promptly upon determining that any payment made to such Secured Party comprised, in whole or in part, a Rescindable Amount.

3. **Ratification and Reaffirmation.** Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement and each of the other Loan Documents and all of such Obligor's covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents.

4. **Acknowledgments and Stipulations.** Each Obligor acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Obligor are legal, valid and binding obligations of such Obligor that are enforceable against such Obligor in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Obligor); and the security interests and Liens granted by such Obligor in favor of Agent are duly perfected security interests and Liens having the priority set forth in the Intercreditor Agreement.

5. **Representations and Warranties.** Each Obligor represents and warrants to Agent and Lenders, to induce Agent and Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to or immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action on the part of Obligors and this Amendment has been duly executed and delivered by Obligors; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

6. **Reference to Loan Agreement.** Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

7. **Breach of Amendment.** This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default in accordance with the terms and conditions set forth in **Section 11.1** of the Loan Agreement.

8. **Conditions Precedent.** The effectiveness of the amendments contained in **Section 2** of this Amendment is subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Agent, unless satisfaction thereof is specifically waived in writing by Agent:

- (a) Agent shall have received a duly signed counterpart of this Amendment from Obligors and each Lender;
- (b) Agent shall have received a copy of a duly signed amendment to the Term Loan Agreement providing for amendments substantially identical to the amendments provided for herein; and
- (c) Agent shall have received such other documents, instruments and agreements as shall be requested by Agent in its reasonable discretion.

9. **Expenses of Agent.** In consideration of Agent's willingness to enter into this Amendment as set forth herein, Obligors agree to pay to Agent, **on demand**, all costs and expenses incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

10. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any conflict of law principles.

11. **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12. **No Novation, etc.** Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

13. **Counterparts; Electronic Signatures.** This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto. This Amendment may be in the form of an Electronic Record and may be executed using electronic signatures (including facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. For the avoidance of doubt, the authorization under this paragraph may include use or acceptance by Agent of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention.

14. **Further Assurances.** Obligors agree to take such further actions as Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

15. **Section Titles.** Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

16. **Waiver of Jury Trial.** To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

17. **Parallel Liability.**

- (a) In this **Section 17**, (i) "**Corresponding Liabilities**" means all present and future liabilities and contractual and non-contractual obligations of an Obligor under or in connection with the Loan Agreement, as amended by this Amendment, and the other Loan Documents, but excluding its Parallel Liability, and (ii) "**Parallel Liability**" means an Obligor's undertaking pursuant to this **Section 17**.

(b) Each Obligor irrevocably and unconditionally undertakes to pay to Agent an amount equal to the aggregate amount of its Corresponding Liabilities (as these may exist from time to time).

(c) The parties hereto agree that:

(i) an Obligor's Parallel Liability is due and payable at the same time as, for the same amount of and in the same currency as its Corresponding Liabilities;

(ii) an Obligor's Parallel Liability is decreased to the extent that its Corresponding Liabilities have been irrevocably paid or discharged and its Corresponding Liabilities are decreased to the extent that its Parallel Liability has been irrevocably paid or discharged;

(iii) an Obligor's Parallel Liability is independent and separate from, and without prejudice to, its Corresponding Liabilities, and constitutes a single obligation of such Obligor to Secured Parties (even though such Obligor may owe more than one Corresponding Liability to Secured Parties under the Loan Documents) and an independent and separate claim of Secured Parties to receive payment of that Parallel Liability (in its capacity as the independent and separate creditor of that Parallel Liability and not as a co-creditor in respect of the Corresponding Liabilities); and

(iv) for purposes of this Section 17, Agent acts in its own name and not as agent, representative or trustee of Secured Parties and accordingly holds neither its claim resulting from a Parallel Liability nor any security agreement securing a Parallel Liability on trust.

[Remainder of page intentionally left blank;  
signatures begin on following page.]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective duly authorized officers on the date first written above.

**OBLIGORS:**

**MAUI ACQUISITION CORP.  
SAFARILAND, LLC  
SAFARILAND GLOBAL SOURCING, LLC  
HORSEPOWER, LLC  
MED-ENG, LLC  
SENCAN HOLDINGS, LLC  
ATLANTIC TACTICAL, INC.  
LAWMEN'S DISTRIBUTION, LLC  
SAFARILAND DISTRIBUTION, LLC  
UNITED UNIFORM DISTRIBUTION, LLC  
GH ARMOR SYSTEMS INC.  
DEFENSE TECHNOLOGY, LLC  
MED-ENG HOLDINGS ULC  
PACIFIC SAFETY PRODUCTS INC.**

By: /s/ CHAD APPLEBY  
**Chad Appleby**, Vice President, Tax and Treasurer

[Signatures continued on following page.]

Seventh Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

**AGENT:**

**BANK OF AMERICA, N.A.**

By: /s/ CHRISTOPHER O' HALLORAN  
**Christopher O'Halloran**, Senior Vice President

**U.S. LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.**

By: /s/ CHRISTOPHER O' HALLORAN  
**Christopher O'Halloran**, Senior Vice President

[Signatures continued on following page.]

Seventh Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

**CANADIAN LENDER AND ISSUING BANK:**

**BANK OF AMERICA, N.A.** (acting through its Canada branch)

By: /s/ SYLWIA DURKIEWICZ  
Name: Sylwia Durkiewicz  
Title: Vice President

Seventh Amendment to Second Amended and Restated Loan and Security Agreement (Safariland)

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**SAFARILAND GROUP  
LONG-TERM INCENTIVE PLAN**

**I. Purpose.**

The purpose of the Safariland Group Long-Term Incentive Plan (as may be amended from time to time, the "Plan") is to retain and motivate certain key employees of Maui Acquisition Corp. (the "Company") and its subsidiaries and affiliates (together with the Company, the "Company Group") by enabling such individuals to participate in the long-term growth and financial success of the Company Group through the incentives set forth herein.

**II. Administration of Plan.**

The Plan shall be administered by the Board. The Board shall have full power and authority to administer and interpret the Plan and to establish rules for its administration. All determinations and interpretations of the Board that are not contrary to the express provisions of the Plan and the Award Agreements shall be final, binding and conclusive as to all persons. The Board, in making any determination under or referred to in the Plan, shall be entitled to rely on opinions, reports or statement of officers, employees, legal counsel and the public accountants of the Company.

**III. Eligibility.**

Eligibility for participation in the Plan is limited to the employees selected by the Board (or its designee) to receive Awards (the "Participant(s)"). To be eligible for a payment under any Award granted pursuant to the Plan, a Participant must be (a) an employee of the Company Group in good standing as of the Payment Date (as defined below) and (b) current with respect to all compliance- and employment-related matters.

**IV. Effective Date of Plan.**

The Plan shall be effective as of March 18, 2021.

**V. Long-Term Incentive Awards.**

A. Award Amount. Each Participant shall be granted a cash bonus opportunity (an "Award") in an amount set forth in an award agreement in substantially the form attached hereto as Exhibit A (a "Award Agreement").

B. Vesting of Award. Except as otherwise provided in an Award Agreement, each Award granted under the Plan shall be eligible to vest in three equal annual installments over a period of three consecutive one-year performance periods (each such one-year performance period, an "Annual Performance Period"), with each installment of the Award vesting on the last day of the applicable performance period (each such vesting date, a "Vesting Date"), subject to achievement of the Performance Metrics for the applicable Annual Performance Period. Notwithstanding the foregoing, in the event of a Change of Control, any portion of a Award that is unvested as of the date of such Change of Control will become fully vested, provided the Participant is Employed on the date of such Change of Control, and will be paid in accordance with Section V.E. below. Further, in the event a Participant's Employment terminates due to the Participant's death, any portion of a Award that is then-unvested will become fully vested on the date of the Participant's termination of Employment, and will be paid in accordance with Section V.E. below.

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C. Establishment of Performance Metrics. The Performance Metrics applicable to an Annual Performance Period will be established by the Board of Directors of the Company (the "Board") or its designee in its sole discretion as soon as reasonably practicable after the beginning of an applicable Annual Performance Period, but in no event later than sixty (60) days following the commencement of the Annual Performance Period. The Performance Metrics will thereafter be separately communicated to each Participant.

D. Achievement of Performance Metrics. The Board (or its designee) in its sole discretion shall determine whether and to what extent the Performance Metrics for the applicable Annual Performance Period have been achieved, and the portion of the Award that becomes eligible to vest in connection with such Annual Performance Period may be adjusted upward or downward, as applicable, based on such achievement (if any).

E. Settlement of Award. The portion of the Award that has become vested, if any, in respect of an Annual Performance Period shall be paid in a lump sum on or as soon as reasonably practicable following the date on which the Board (or its designee) determines that the Performance Metrics for the applicable Performance Period have been achieved, but in no event later than thirty (30) days following such date. In order to receive a payment under an Award, the Participant must be continuously employed by a member of the Company Group from the Effective Date through the date the applicable portion of a Award is paid (the date on which a Award is paid, the "Payment Date"). Notwithstanding the foregoing, (i) in the event the Participant's Employment is terminated due to death during a Performance Period and the Participant's Award becomes vested in accordance with Section V.B. above, any amount payable to the Participant's beneficiary or estate, as applicable, shall be paid as soon as reasonably practicable following such Participant's termination of Employment, but in no event later than the date that is two and a half months following the calendar year in which the Participant's Employment terminated, and (ii) in the event of a Change of Control in which the Participant's Award becomes vested in accordance with Section V.B. above, any amount payable to the Participant shall be paid as soon as reasonably practicable following such Change of Control, but in no event later than the date that is two and a half months following the calendar year in which the Change of Control occurs. The Award shall be paid in the form of cash; provided, however, that in the event that any portion of an Award vests following the date on which the securities of the Company, or any successor, are readily tradable on an established national securities market, the Company may, in its sole discretion, elect to pay the vested portion of an Award (or any portion thereof) in the form of such marketable securities having a value equal to the value of such vested portion, rounded down to the nearest whole share.

**VI. Termination of Employment; Forfeiture Upon Violation of Restrictive Agreements**

A. Except as expressly provided in Section V.E above, in the event that a Participant's employment with the Company Group is terminated for any reason prior to a Payment Date, the Participant shall forfeit any portion of the Award that is unvested and unpaid as of such termination date.

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B. If the Participant breaches or violates the Participant's obligations under any Restrictive Agreement (as defined below) to which the Participant is a party, the Participant's Award will immediately, and automatically without any further action on the part of the Company or the Participant, be forfeited and cancelled for no consideration and be of no further force or effect and the gross amount of any cash previously paid to the Participant in respect of his or her Award will be subject to disgorgement to the Company, with interest and other related earnings. For purposes of this Agreement, "Restrictive Agreement" means the Restrictive Covenant Agreement and any other agreement between the Company or any member of the Company Group and the Participant that contains non-competition, non-solicitation, non-hire, non-

disparagement or confidentiality restrictions applicable to the Participant.

VII. Taxes; Section 409A.

A. The Company shall have the right to deduct from any amount to be paid under the Plan any federal, state or local taxes required by law to be withheld with respect to such payment, including, in the event an Award is paid in marketable securities, by withholding a number of securities necessary to satisfy any such withholding obligations.

B. The Plan and all Awards under the Plan are intended to be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder (“Section 409A”) and shall be construed accordingly. For purposes of the Plan, the terms “terminate,” “terminated” and “termination” mean a termination of the Participant’s employment that constitutes a “separation from service” within the meaning of the default rules under Section 409A. For purposes of Section 409A, the right to a series of installment payments under the Plan shall be treated as a right to a series of separate payments. In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under the Plan or the Award Agreement to comply with, or be exempt from, the requirements of Section 409A of the Code.

VIII. Definitions.

As used in the Plan, the following terms shall have the respective meanings set forth below:

A. “Change of Control” means (a) the replacement of the majority of the Board with individuals selected by any person (or group of persons acting in concert) other than the Sponsors and their affiliates (or group of persons that includes the Sponsors or one or more of their affiliates), when the replacement managers or directors, as the case may be, were not endorsed by a majority of the members of the pre-existing Board, as applicable, or (b) any change in the ownership of the capital stock of the Company if, immediately after giving effect thereto, any person (or group of persons acting in concert) other than the Sponsors and their affiliates (or group of persons that includes the Sponsors or one or more of their affiliates), directly or indirectly, holds more than 50% of the total voting power of the capital stock of the Company.

B. “Performance Metrics” means the Company, organizational, divisional, or individual goals that must be achieved in order for a portion of an Award to vest. Achievement of Performance Metrics will be determined in the sole discretion of the Board.

C. “Sponsors” means Kanders SAF, LLC and Warren Kanders.

IX. Miscellaneous

A. Construction. The Plan’s headings and subheadings have been inserted for convenience of reference only and shall be ignored in any construction of the provisions. If a provision of the Plan is illegal or invalid, that illegality or invalidity does not affect other provisions.

B. Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any conflict of laws principles to the contrary. In the event of any action arising under the Plan, the parties hereby consent and submit to the jurisdiction of the federal and state courts in and of the State of Delaware and to service of legal process in the State of Delaware. Each Participant, by signing a Award Agreement, further agrees to accept service of process by registered or certified mail or the equivalent directed to his or her last known address on the books of the Company or by whatever other means are permitted by such court.

C. No Separate Rights. The creation, continuance, or change of the Plan or any payment hereunder does not give any person a non-statutory legal or equitable right against the Company, any member of the Company Group or any of their officers, agents, or other persons employed by the Company or any member of the Company Group. The Plan does not modify the terms of a Participant’s employment with the Company, confer upon any Participant the right to continue in the employment of the Company or any member of the Company Group or affect any right of the Company or any member of the Company Group to terminate the employment of such Participant at any time for any reason.

D. Assignment. Neither the Plan nor any Award may be attached, assigned or alienated in any manner by either party, except that the Board may assign the Plan and any Award under the Plan to any other member of the Company Group without the consent of the Participant. Any successor to the Company, whether by purchase, lease, merger, consolidation, liquidation or otherwise, or to all or substantially all of the Company’s business and/or assets shall assume the obligations under (and be entitled to the benefits of and to enforce) the Plan and shall expressly agree to perform the obligations under the Plan in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Plan and any Award Agreement, the term “Company” shall include any successor to, or assign of, the Company’s business and/or assets that assumes its obligations under the Plan or that becomes bound by the terms of the Plan by operation of law.

E. Amendment; Termination. Other than as required to comply with applicable law, from and after the Closing, the Board shall not, and shall cause the Company not to, amend, repeal or otherwise modify the Plan or any Award Agreement that was effective as of the Closing in any manner that is materially adverse to a Participant without such Participant’s consent. The Plan shall automatically terminate and be of no further force or effect on the date that the last payment due under Section V is made.

F. Other. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between any member of the Company Group and any Participant, beneficiary or legal representative or any other person. To the extent that a person acquires a right to receive payments under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company; provided, however, that any payments (and accrued interest, if any) hereunder shall not be subordinated to Parent’s equity securities (including upon a Change of Control). All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

\* \* \* \* \*

**AWARD AGREEMENT  
UNDER THE  
SAFARILAND GROUP LONG-TERM INCENTIVE PLAN**

AWARD DATE: [●], 2021

[Awardee]

[Address]

Dear \_\_\_\_\_:

You have been selected to become a Participant in the Safariland Group Long-Term Incentive Plan (as may be amended from time to time, the Plan). Pursuant to the terms of the Plan, Maui Acquisition Corp. (the "Company") hereby grants you an Award under the Plan with a Target Award Amount equal to \$[●].

This Award Agreement (the "Agreement") has been made as of the date above, which shall be referred to as the Award Date.

**Terms and Conditions**

**Section 1. Plan.** This Agreement is subject to all of the terms and conditions set forth in the Plan and this Agreement. All defined terms not otherwise defined herein shall have the meaning set forth in the Plan. If a determination is made that any term or condition set forth in this Agreement is inconsistent with the Plan, the Plan shall control. The Plan is administered by the Board. The Board has the discretion, power, and authority to interpret, construe, and implement the provisions of the Plan and this Agreement. A copy of the Plan is attached to this Agreement.

**Section 2. Payment; Settlement of Award.** The Award shall vest and become payable in accordance with Section V of the Plan.

**Section 3. Termination of Employment; Forfeiture.** Except as otherwise set forth in Section V of the Plan, in the event that your employment with the Company Group is terminated for any reason prior to the date on which the Company makes a payment under the Plan and this Agreement, the Participant shall forfeit any portion of the Award that is unvested and unpaid as of such termination date. This Agreement remains subject in all respects to Section VI of the Plan.

**Section 4. Incorporation of the Plan into this Agreement.** By signing this Agreement, you acknowledge that you have read the Plan and this Agreement and agree to be bound by the obligations and responsibilities set forth therein. Specifically, you acknowledge that you are aware of the provisions of the Plan and this Agreement, including the vesting provisions, the possible forfeiture of the Award, and all of the limitations set forth in the Plan.

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**Section 5. No Rights as an Equityholder.** You shall not be, nor shall you have any rights or privileges of, an equityholder of the Company or any member of the Company Group (as defined in the Plan) with respect to the Award.

**Section 6. Governing Law.** This Agreement shall be governed by and construed in accordance with Delaware law without regard to otherwise applicable conflict-of-laws principles.

**Section 7. Conditions.** Concurrent with the execution and delivery of this Agreement, you shall execute and deliver to the Company the Restrictive Covenant Agreement attached hereto as Exhibit A. Any payments made under this Agreement and the Plan, and your right to retain the same, shall be subject in all respects to your continued compliance with the obligations set forth in the Restrictive Covenant Agreement.

**Section 8. No Right to Continued Status.** This Agreement shall not be interpreted as giving you the right to continued employment.

(Remainder of page intentionally left blank; signature page immediately follows.)

IN WITNESS WHEREOF, the undersigned have hereunto executed this Agreement as of the dates set forth below.

**MAUI ACQUISITION CORP.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged and agreed to:

\_\_\_\_\_  
Name: \_\_\_\_\_  
[Name of Employee]

Date: \_\_\_\_\_



## SAFARILAND GROUP

**2021 PHANTOM RESTRICTED SHARE PLAN**

## 1. DEFINED TERMS

Exhibit A, which is incorporated herein by reference, defines certain terms used in this Plan.

## 2. PURPOSE

The purposes of this Plan are: (a) to promote the growth and interests of the Company by attracting and retaining Employees, consultants and advisors with the training, experience and ability to enable them to make a significant contribution to the success of the business of the Company; and (b) to provide for the grant of cash-based Awards to Participants.

## 3. LIMITS ON AWARDS UNDER THE PLAN

A maximum of 28,670 Phantom Shares may be issued in respect of Awards under this Plan (the “Maximum Phantom Share Number”). For purposes of this Section 3, any Phantom Shares that have been forfeited and cancelled as provided in any Award Agreement or pursuant to the Plan will be automatically added back to the Maximum Phantom Share Number, unless the Phantom Shares are forfeited due to a Participant’s termination of employment due to Cause or the Participant’s breach of a Restrictive Agreement (as defined in the applicable Award Agreement).

## 4. ELIGIBILITY AND PARTICIPATION

The Administrator will select Participants from among those Employees, consultants, and advisors to, the Company or its Affiliates who, in the opinion of the Administrator, are in a position to make a significant contribution to the success of the Company and its Affiliates.

## 5. RULES APPLICABLE TO AWARDS

(a) Award Provisions. The Administrator will determine the terms of all Awards, subject to the limitations provided herein. Unless otherwise determined by the Administrator, all Awards will be made pursuant to the terms and conditions set forth in a Phantom Share Award Agreement approved by the Administrator (an “Award Agreement”). By accepting any Award granted hereunder, the Participant agrees to the terms of the Award and this Plan.

(b) Transferability. Except as the Administrator otherwise expressly consents to in writing, no rights under or in respect of any Award and no Phantom Shares subject to any Award may be Transferred other than by will or by the laws of descent and distribution. In addition, the Transfer of Phantom Shares will be subject to all further restrictions on Transfer contained in the Award Agreement governing the Award. Any attempted Transfer of Phantom Shares in violation of any of the foregoing restrictions or any restrictions on Transfer contained in the Award Agreement governing the Award shall be null and void *ab initio* and result in an automatic forfeiture and cancellation of all Phantom Shares subject to such attempted Transfer.

(c) Vesting, etc. The Administrator may determine the time or times at which an Award will vest and such time or times shall be set forth in the Award Agreement in respect of such Award. Without limiting the foregoing, the Administrator may at any time accelerate the vesting of Phantom Shares subject to an Award Agreement. Unless the Administrator expressly provides otherwise, immediately upon the cessation of the Participant’s Employment, all Phantom Shares subject to an Award Agreement that are then-held by the Participant or by the Participant’s permitted transferees, if any, to the extent not already vested will be automatically forfeited and cancelled for no consideration.

(d) Timing of Payment. Except as otherwise set forth in an Award Agreement, no amount shall be payable with respect to Phantom Shares prior to a Qualifying Exit Event. In the event that amounts, if any, become payable with respect to Phantom Shares on a Qualifying Exit Event, such amounts shall be paid by the Company or an Affiliate thereof, as appropriate, as soon as reasonably practicable following consummation of such Qualifying Exit Event, but in no event later than March 15 following the year in which the Qualifying Exit Event occurs. In the event that amounts, if any, become payable with respect to Phantom Shares in connection with a vesting event that follows a Qualifying Exit Event, such amounts shall be paid by the Company or an Affiliate thereof, as appropriate, on or as soon as reasonably practicable following such vesting event, but in no event later than March 15 following the year in which the vesting event occurs.

(e) Release Condition. If requested by the Administrator, any amount payable under the Plan in respect of a Phantom Share will be subject to the Participant’s execution, and nonrevocation, of an effective release of claims, which release of claims will include, among other things, an acknowledgement and agreement that the calculation of such amount is correct and complete and that such Participant is not entitled to any further amounts under the Plan with respect to such Phantom Shares.

(f) Withholding. The Administrator will make such provision for the withholding of taxes (or similar liability) or any other required tax payments in any jurisdiction as it deems necessary or appropriate.

(g) Unfunded and Unsecured Interests. The obligations of the Company hereunder shall be unfunded and unsecured, and nothing contained herein shall be construed as providing for assets to be held in trust or escrow or any other form of segregation of the assets of the Company or any Affiliate thereof for the benefit of the Participant.

(h) Rights Limited. Nothing in this Plan will be construed as giving any Person the right to continued employment or service with the Company or its Affiliates. The loss of potential payment in respect of an Award will not constitute an element of damages in the event of termination of Employment for any reason, even if the termination is in violation of an obligation of the Company or Affiliate to the Participant.

(i) Section 409A: Limitation of Liability

Awards under the Plan are intended to either be exempt from or comply with the rules of Section 409A of the Code, and each such Award shall be construed accordingly. Granted Awards may be modified at any time, in the Administrator’s discretion, to the extent necessary to maintain such exemption or compliance, as applicable, from Section 409A of the Code.

(ii) Notwithstanding anything to the contrary in this Plan, neither the Company, nor any Affiliate, nor the Administrator, nor any Person acting on behalf of the Company, any Affiliate, or the Administrator, shall be liable to any Participant or to the estate or beneficiary of any Participant or to any other holder of an Award by reason of any acceleration of income, or any additional tax, asserted by reason of the failure of the Award to satisfy or the requirements for exemption under Section 409A of the Code, by reason of Section 4999 of the Code or for any other reason.

#### 6. EFFECT OF COVERED TRANSACTION; CHANGES IN CAPITALIZATION

Except as otherwise provided in an Award Agreement, the following provisions shall apply in the event of any Covered Transaction:

(a) Assumption or Substitution. In connection with a Covered Transaction, the Administrator may provide for the assumption of some or all Awards or for the grant of new awards in substitution thereof by the acquiror or survivor or the parent or other affiliate of the Company or the acquiror or survivor. Any such new awards may, in the discretion of the Administrator, contain such restrictions, if any, as the Administrator deems appropriate to reflect any vesting conditions or other restrictions to which the Award was subject prior to such substitution.

(b) Termination of Awards upon Consummation of a Covered Transaction. Unless otherwise specified by the Administrator, and subject to Section 6(c) below, each unvested Award that is not assumed pursuant to Section 6(a) above will terminate automatically upon consummation of the Covered Transaction; provided, that the Administrator shall have the discretion to require that any amounts that would have been delivered, exchanged or otherwise paid in respect of unvested Phantom Shares in connection with the Covered Transaction (if such Phantom Shares had been vested at the time of such Covered Transaction) be made payable in the future subject to such vesting and other restrictions as the Administrator deems appropriate to carry out the intent of any relevant vesting provisions contained in the Award Agreements relating thereto.

(c) Acceleration of Vesting in the Discretion of the Administrator. In connection with any Covered Transaction the Administrator may provide for the acceleration of the vesting of unvested Phantom Shares subject to Award Agreements. Except as so determined by the Administrator in its discretion or as expressly set forth in an Award Agreement, there shall be no acceleration of vesting of Awards in connection with any Covered Transaction.

(d) Adjustment in Respect of Changes in Capitalization. If there shall occur any change with respect to the Company or any of its Affiliates by reason of any recapitalization, reclassification, unit or stock split, reverse unit or stock split or any merger, dividend, reorganization, consolidation, combination, spin-off or other similar change that affects the Phantom Shares, the Administrator may, in the manner and to the extent that it deems appropriate and equitable in its discretion, cause an adjustment to be made to the number of Phantom Shares granted hereunder or any other terms hereunder that are affected by the event in order to prevent dilution or enlargement of the Participant's rights hereunder (including, if deemed appropriate and equitable, provide for a payment to be made in respect of the Phantom Shares), in all cases, having due regard for requirements of Section 409A of the Code, and the regulations and guidance promulgated thereunder, if and to the extent applicable.

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#### 7. AMOUNTS PAYABLE IN RESPECT OF AN AWARD IN THE EVENT OF A QUALIFYING EXIT EVENT

In connection with a Qualifying Exit Event, each Phantom Share that is vested (whether or not by reason of such Qualifying Exit Event) and outstanding as of the consummation of the Qualifying Exit Event shall be automatically cancelled in exchange for the right to receive a payment (subject to Section 6 above and the other provisions of this Plan and the applicable Award Agreement) equal to the Phantom Payment Amount. Any amounts payable hereunder shall be payable by either the Company or the Affiliate for which the Participant provides services in accordance with Section 5(d) above.

For the avoidance of doubt, except as otherwise provided herein, all unvested Phantom Shares shall be cancelled for no consideration upon the consummation of a Qualifying Exit Event provided, however, that in the event that the Qualifying Exit Event is one in which the Sponsors receive exclusively marketable securities of a successor entity then, unless as otherwise determined by the Administrator in its sole discretion, the unvested Phantom Shares shall remain outstanding and continue to vest in accordance with the terms of the applicable Award Agreement.

Whether amounts become payable under the Plan in connection with or following a Qualifying Exit Event and the amount of each Phantom Payment Amount shall, in each case, be determined by the Administrator in accordance with this Section 7 in its sole discretion.

#### 8. ADMINISTRATION

The Administrator has discretionary authority, subject only to the express provisions of this Plan, to interpret this Plan, determine eligibility for and grant Awards, determine, modify or waive the terms and conditions of any Award, determine amounts payable under the Plan, prescribe all forms, rules and procedures relating to this Plan and Awards hereunder and otherwise do all things necessary to carry out the purpose of this Plan. Determinations of the Administrator made under this Plan will be conclusive and will bind all interested parties, including all Participants and all successors, assigns and transferees thereof.

#### 9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend this Plan or any outstanding Award for any purpose that may at the time be permitted by law, and may at any time terminate this Plan as to any future grants of Awards; provided, that except as otherwise expressly provided in this Plan, the Administrator may not, without the Participant's consent, alter the terms of an outstanding Award in a manner that would reasonably be expected to have a material adverse effect on the Participant's rights under the Award, unless the Administrator expressly reserved the right to do so at the time of the granting of the Award, provided that any amendment to comply with applicable law, to preserve the tax treatment of such Award or to increase the number of Phantom Shares that may be granted under the Plan shall be expressly permitted under the terms of this Plan.

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10. THE PLAN AND ALL AWARDS GRANTED HEREUNDER (WHETHER VESTED OR UNVESTED) SHALL AUTOMATICALLY, AND WITHOUT ANY ACTION ON THE PART OF THE COMPANY, ADMINISTRATOR, OR ANY PARTICIPANT HEREUNDER, AS APPLICABLE, BE TERMINATED FOR NO CONSIDERATION ON THE EARLIER OF: (A) AN EXIT EVENT IN WHICH THE ADMINISTRATOR DETERMINES THAT NET PROCEEDS DO NOT EQUAL OR EXCEED THE PAYMENT THRESHOLD AMOUNT, AND (B) MARCH 18, 2025 IF NO QUALIFYING EXIT EVENT HAS OCCURRED PRIOR TO SUCH DATE. IF A QUALIFYING EXIT EVENT OCCURS PRIOR TO MARCH 18, 2025, THE PLAN WILL AUTOMATICALLY TERMINATE ON THE DATE THAT THERE ARE NO LONGER ANY AWARDS OUTSTANDING HEREUNDER.

#### 11. GOVERNING LAW; SEVERABILITY

The validity, construction, and effect of this Plan shall be determined in accordance with the laws of the State of Delaware applicable to contracts made and to be

performed therein.

If any provision of this Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify this Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of this Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of this Plan and any such Award shall remain in full force and effect.

*[Remainder of page left intentionally blank]*

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## EXHIBIT A

### Definitions of Terms

The following terms, when used in the Plan, will have the meanings and be subject to the provisions set forth below:

“Administrator” means the Board, except that the Board may delegate its authority under the Plan to a committee, in which case, thereafter, references herein and in the Plan to the Administrator refer to such committee.

“Affiliate” means all Persons directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

“Award” means an award of Phantom Shares under the Plan.

“Award Agreement” has the meaning set forth in Section 5(a) of the Plan.

“Board” means the Company’s board of directors.

“Cause” means (a) if a Participant is a party to a currently effective employment, severance, or other agreement with the Company or one of its Affiliates in which “cause” is defined, the occurrence of any circumstances defined as “cause” in such employment, severance, or other agreement, or (b) if a Participant is not party to such a currently effective employment, severance, or other agreement with the Company or one of its Affiliates, (i) such Participant’s commission or conviction of, or indictment for, or plea of guilty of no contest to, (A) a felony or (B) a criminal act involving fraud, misappropriation, embezzlement, theft, or moral turpitude; (ii) such Participant’s willful misappropriation of the funds or property of the Company or any of its Affiliates; (iii) the failure by such Participant to perform his or her material duties or comply with the lawful and reasonable instructions of the Board or his or her direct supervisor in a manner consistent with his or her position and duties hereunder, which breach or violation remains uncured (if curable) for a period of ten (10) business days after written notice of such breach or violation from the Company to such Participant; (iv) any material act or material omission of such Participant in aiding or abetting a competitor, vendor, or client of the Company or any of its Affiliates to the disadvantage or detriment of the Company or any of its Affiliates; (v) such Participant’s material violation of any agreement with the Company or any of its Affiliates that contains non-competition, non-solicitation, non-hire, non-disparagement, confidentiality, or assignment of intellectual property restrictions to which the Participant is subject; (vi) such Participant’s gross negligence or willful misconduct with respect to the Company or any of its Affiliates, which breach or violation remains uncured (if curable) for a period of ten (10) business days after written notice of such breach or violation from the Company to such Participant; (vii) reporting to work under the influence of alcohol or illegal drugs in a manner that adversely affects such Participant’s performance of his or her duties; (viii) any willful conduct causing the Participant, the Company or any of their respective Affiliates substantial public disgrace or substantial disrepute or substantial economic harm; (ix) the material violation of material written policies (including those relating to sexual harassment or business conduct) of the Company or any of its Affiliates (as in effect from time to time) made known to such Participant, which breach or violation remains uncured (if curable) for a period of ten (10) business days after written notice of such breach or violation from the Company to such Participant; provided that, if within six (6) months following a Participant’s Termination for a reason other than Cause, the Board determines in good faith that such Participant’s Termination could have been a Termination for Cause, then for all purposes of the Plan and the Award Agreements, such Participant shall be deemed to have been Terminated for Cause retroactively to the date of such Participant’s Termination.

“Change of Control” means (a) the replacement of the majority of the Board with individuals selected by any person (or group of persons acting in concert) other than the Sponsors and their affiliates (or group of persons that includes the Sponsors or one or more of their affiliates), when the replacement managers or directors, as the case may be, were not endorsed by a majority of the members of the pre-existing Board, as applicable, or (b) any change in the ownership of the capital stock of the Company if, immediately after giving effect thereto, any person (or group of persons acting in concert) other than the Sponsors and their affiliates (or group of persons that includes the Sponsors or one or more of their affiliates), directly or indirectly, holds more than 50% of the total voting power of the capital stock of the Company.

“Code” means the U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

“Common Stock” means the common stock, par value \$0.01 per share, of the Company.

“Company” means Maui Acquisition Corp., a Delaware corporation.

“Covered Transaction” means any of (a) a consolidation, merger, recapitalization, reclassification, reorganization, exchange of securities, or other similar transaction or series of related transactions, including a sale or other disposition of equity interests, in which the Company is not the surviving entity or which results in the direct or indirect acquisition of all or substantially all of the equity interests in the Company by a single Person or by a group of Persons, including by means of any disposition of a Subsidiary (whether by means of a sale of equity securities, merger or otherwise); (b) a sale or transfer of all or substantially all the assets of the Company and its Affiliates, taken as a whole; (c) a dissolution or liquidation of the Company, or (d) any other Change of Control transaction not described in clauses (a) or (c) above.

“Effective Date” means the date on which the Plan is adopted by the Board.

“Employee” means any individual who is employed by or a service provider to the Company or an Affiliate.

“Employment” means a Participant’s employment or other service relationship with the Company and/or its Affiliates. Employment will be deemed to continue, unless the Administrator expressly provides otherwise, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 4 of the Plan to the Company or its Affiliates, provided, that, if a Participant is both an employee and a director or member of a board of managers of the Company or any of its Affiliates, as applicable, Employment with respect to such Participant shall only mean service as an employee of the Company or its Affiliates. If a Participant’s employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Participant’s Employment will be deemed to have Terminated when the entity ceases to be an

Affiliate unless the Participant transfers his or her service relationship to the Company or its remaining Affiliates. Notwithstanding the foregoing, in construing the provisions of any Award relating to the payment of “nonqualified deferred compensation” (subject to Section 409A) upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms shall be construed to require a “separation from service” (as that term is defined in Section 1.409A-1(h) of the Treasury Regulations) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single “service recipient” with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A, any of the special elective rules prescribed in Section 1.409A-1(h) of the Treasury Regulations for purposes of determining whether a “separation from service” has occurred. The term “Employed” has a correlative meaning.

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“Exit Event” means a Change of Control or an Initial Public Offering.

“Initial Public Offering” means the initial public offering and sale of equity securities for cash pursuant to an effective Registration Statement under the Securities Act of 1933, as amended.

“Maximum Phantom Share Number” has the meaning set forth in Section 3 of the Plan.

“Net Proceeds” means the aggregate amount of all cash and, at the sole discretion of the Board, non-cash proceeds received by the holders of equity interests of the Company or of capital stock or other equity interests in any of its parent companies (without double counting) in connection with an Exit Event, net of all purchase price adjustments, transaction expenses, fees and costs, but before giving effect to any payments to be made pursuant to the Plan, which such amount may (but shall not be required to) be adjusted by the Board in its sole discretion at any time prior to the completion of an Exit Event to fairly reflect changes in the value of the equity interests of the Company as result of the purchase and subsequent retirement of any debt incurred in connection with any recapitalization or other distribution transaction completed prior to such Exit Event. Any non-cash proceeds from an Exit Event shall be valued in good faith by the Board, which determination shall be final and binding on all holders of Phantom Shares.

“Participant” means an individual who is granted an Award under the Plan.

“Payment Threshold Amount” means \$250,000,000, which amount shall be automatically increased, from time to time and without further action by the Board or any other person, to reflect the aggregate amount of any additional capital invested in the Company or any of its parent companies on or after the Effective Date by the holders of equity interests in the Company or of capital stock or other equity interests in any of its parent companies.

“Person” means any individual, corporation, partnership, limited liability company, trust, joint stock company, business trust, unincorporated association, joint venture, governmental authority or other entity of any nature whatsoever.

“Phantom Payment Amount” means the amount that would have been payable in respect of a vested Phantom Share on the closing of a Qualifying Exit Event (without regard to cash proceeds placed in escrow or subject to earn-out, adjustment, or other post-closing event) or, if applicable, as of an applicable vesting date following a Qualifying Exit Event, had such vested Phantom Share been one share of Common Stock. The Phantom Payment Amount shall be paid in the form of cash; provided, however, in the event that consideration received in connection with the Qualifying Exit Event includes non-cash consideration, the Administrator may decide, in its sole discretion, to pay a percentage of any Phantom Payment Amount due to a holder with such non-cash consideration, such percentage to be equal to the percentage that non-cash consideration represents of the total consideration received by the Sponsors and/or their affiliates from such Qualifying Exit Event; provided, further, that in the event of a Qualifying Exit Event in which the Sponsors receive exclusively marketable securities of a successor entity then, unless as otherwise determined by the Administrator, the Phantom Payment Amount shall be paid in marketable securities of such successor entity. Notwithstanding the foregoing, the payment of any non-cash consideration to a holder (including the payment of marketable securities) may not violate any applicable laws and regulations, including federal and state securities laws and regulations.

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“Phantom Share” means a notional share granted to an Employee or other service provider pursuant to the Plan in respect of services to the Company or its Affiliates.

“Plan” means this Safariland Group 2021 Phantom Restricted Share Plan, as from time to time amended, modified or supplemented and in effect.

“Qualifying Exit Event” means an Exit Event where the aggregate Net Proceeds as of the Closing of such Qualifying Exit Event, as determined by the Administrator in its sole discretion, equals or exceeds the Payment Threshold Amount.

“Registration Statement” means a registration statement filed by the Company with the Securities and Exchange Commission for public offering and sale of securities of the Company.

“Sponsors” means Kanders SAF, LLC and Warren Kanders.

“Subsidiary” means any direct or indirect subsidiary of the Company.

“Termination,” “Terminated” or “Terminates” means that a Participant’s Employment with the Company and all of its Affiliates has ceased for any reason whatsoever (including, but not limited to, by reason of redundancy, death, permanent disability or adjudicated incompetency).

“Transfer” means any transfer, sale, assignment, pledge, hypothecation or other disposition, whether directly or indirectly, whether effected with or without consideration, voluntarily or involuntarily, by operation of law or otherwise, or whether *inter vivos* or upon death.

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**SAFARILAND GROUP  
2021 PHANTOM RESTRICTED SHARE PLAN**

**PHANTOM SHARE AWARD AGREEMENT**

THIS PHANTOM SHARE AWARD AGREEMENT (as from time to time amended, modified or supplemented, this “Agreement”) is made as of [●], 2021 (the “Grant Date”), by and between Maui Acquisition Corp., a Delaware corporation (the “Company”), Safariland LLC (the “Employer”), and [●] (the “Participant”).

RECITALS

A. This Agreement relates to an award (the “Award”) by the Company to the Participant of a number of Phantom Shares specified below. The Phantom Shares are subject to the terms and conditions set forth in this Agreement and in the Safariland Group 2021 Phantom Restricted Share Plan (as amended, modified or supplemented from time to time, the “Plan”), a copy of which is attached as Exhibit A to this Agreement.

B. Capitalized terms used herein and not defined herein shall have the meanings provided for them in the Plan.

C. The Phantom Shares subject to this Agreement will, upon execution of this Agreement, be issued by the Company to the Participant in consideration of the Participant’s provision of services to the Company or one or more of its Affiliates, including the Employer.

NOW, THEREFORE, in order to implement the foregoing and in consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Grant of Phantom Shares; Vesting.

- 1.1. Grant of Phantom Shares. Pursuant to the terms and subject to the conditions set forth in this Agreement and the Plan, the Company hereby grants to the Participant an Award under the Plan consisting of [●] Phantom Shares.
  - 1.2. Vesting.
    - (a) Generally. Except and as otherwise expressly provided below, and subject to Section 2 below, one-third (1/3) of the Phantom Shares subject to this Award shall vest on each of the first three (3) anniversaries of the Grant Date (with the number of Phantom Shares that vest on the first and second anniversaries rounded down to the nearest whole share, and the number of Phantom Shares that vest on the third anniversary rounded up to the nearest whole share), provided the Participant is Employed on the applicable vesting dates.
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- (b) Accelerated Vesting Upon Death of Participant. In the event the Participant’s Employment terminates due to the Participant’s death, the Phantom Shares shall become fully vested as of such date of termination and, to the extent such termination occurs prior to a Qualifying Exit Event, the Participant’s vested Phantom Shares will remain outstanding and eligible to participate in a Qualifying Exit Event subject to the terms and conditions of the Plan and this Agreement.
  - (c) Accelerated Vesting Upon Qualifying Exit Event that is an “All Cash” Exit Event. Notwithstanding anything contained in Section 1.2(a), in the event of a Qualifying Exit Event in which the Sponsors receive solely cash with respect to their equity securities in the Company (and, for the avoidance of doubt, fully exit any investment, directly or indirectly, in the Company), all Phantom Shares that are unvested as of the date of such Qualifying Exit Event will become fully vested, provided the Participant is Employed on the date on which such Qualifying Exit Event is consummated.
  - (d) Employment Status. For the avoidance of doubt, it is intended that the vesting provisions of this Agreement will continue to apply to the Phantom Shares subject to this Award irrespective of any transfer of such Phantom Shares, and that the Employment status of the Participant that is referred to in this Agreement will continue to refer to the Employment status of the original Participant even if such Phantom Shares have been transferred to another holder.

2. Forfeiture and Cancellation

- 2.1. Termination of Employment for Cause. If the Participant’s Employment is terminated by the Company or any of its Affiliates for Cause, the Participant will immediately forfeit, without payment, all Phantom Shares, whether vested or unvested.
- 2.2. Termination of Employment by the Company other than for Cause. Upon the Termination of the Participant’s Employment by the Employer other than for Cause, vesting of the Participant’s Phantom Shares will cease, all unvested Phantom Shares will immediately and automatically, without any further action on the part of the Company, the Employer or the Participant, be forfeited and cancelled, and, to the extent such termination occurs prior to a Qualifying Exit Event, the Participant’s vested Phantom Shares will remain outstanding and eligible to participate in a Qualifying Exit Event subject to the terms and conditions of the Plan and this Agreement.
- 2.3. Termination of Employment by the Participant. If the Participant’s Employment is terminated by the Participant for any reason, vesting of the Participant’s Phantom Shares will cease, all unvested Phantom Shares will immediately and automatically, without any further action on the part of the Company, the Employer or the Participant, be forfeited and cancelled, and, to the extent such termination occurs prior to a Qualifying Exit Event, the Participant’s vested Phantom Shares will remain outstanding and eligible to participate in a Qualifying Exit Event subject to the terms and conditions of the Plan and this Agreement.

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- 2.4. Forfeiture upon Violation of Restrictive Agreements. If the Participant breaches or violates the Participant’s obligations under any Restrictive Agreement (as defined below) to which the Participant is a party, all vested and unvested Phantom Shares will immediately and automatically, without any further action on the part of the Company, the Employer, or the Participant, be forfeited and cancelled for no consideration. For purposes of this Agreement, “Restrictive Agreement” means the Restrictive Covenant Agreement attached hereto as Exhibit B and any employment or other agreement between the Company or any of its Affiliates and the Participant that contains non-competition, non-solicitation, non-hire, non-disparagement, confidentiality or assignment of intellectual property covenants applicable to the Participant.

2.5. Impermissible Transfers

- (a) Phantom Shares subject to this Agreement may not be Transferred in any way whatsoever without the prior written consent of the Administrator.
- (b) Any attempted Transfer of Phantom Shares in violation of any of the restrictions on Transfer set forth herein or in the Plan will result in an automatic forfeiture and cancellation of all Phantom Shares subject to such attempted Transfer.

3. Payment in Respect of Phantom Shares. No amount will be payable with respect to the Phantom Shares prior to a Qualifying Exit Event. Upon the occurrence of a Qualifying Exit Event, the Phantom Shares will be treated in the manner set forth in Section 7 of the Plan.

4. Miscellaneous.

- 4.1. Participant’s Employment or Engagement by the Company. Neither the grant of the Award nor any term or condition contained in this Agreement or the Plan, nor the existence of or potential for payment in respect of the Award will obligate the Company or any Affiliate of the Company to employ or engage the Participant in any capacity whatsoever or prohibit or restrict the Company (or any such Affiliate) from terminating the employment or engagement of the Participant at any time or for any reason whatsoever, with or without Cause.
- 4.2. Certain Tax Matters. The Participant acknowledges that he or she is liable to pay to the Company all required tax withholdings, if any, with respect to the Award and that the Company may reduce any cash payment otherwise payable to the Participant by the amount of such tax withholdings, if any (in addition to any required withholdings with respect to such cash payment or payments).

- 4.3. Unfunded and Unsecured Interests. The obligations of the Company hereunder will be unfunded and unsecured, and nothing contained herein will be construed as providing for assets to be held in trust or escrow or any other form of segregation of the assets of the Company for the benefit of the Participant.

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- 4.4. Binding Effect. The provisions of this Agreement will be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns; provided, however, that the Participant may not transfer any rights under this Agreement to any Person without the prior written consent of the Company.
- 4.5. Amendment; Waiver. This Agreement may be amended only by a written instrument signed by the parties hereto. No waiver by any party hereto of any of the provisions hereof will be effective unless set forth in a writing executed by the party so waiving.
- 4.6. Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Delaware, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the law of another jurisdiction.
- 4.7. Jurisdiction. Any suit, action or proceeding under or with respect to the Plan or this Agreement will be brought in any federal or state court of competent jurisdiction in the State of Delaware, and each of the Company, the Employer and the Participant hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. Each of the Participant, the Company and the Employer hereby irrevocably waives any objections that it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to the Plan or this Agreement brought in any federal or state court of competent jurisdiction in the State of Delaware, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum.
- 4.8. Waiver of Jury Trial. THE PARTICIPANT WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THE PLAN OR THIS AGREEMENT, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH OR HERewith, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM WILL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. IN ADDITION, THE PARTICIPANT CERTIFIES THAT NO OFFICER, REPRESENTATIVE OR ATTORNEY OF THE COMPANY OR THE EMPLOYER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE COMPANY OR THE EMPLOYER WOULD NOT, IN THE EVENT OF ANY ACTION, PROCEEDING OR COUNTERCLAIM, SEEK TO ENFORCE THE FOREGOING WAIVERS.

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- 4.9. Notices. Unless otherwise provided herein, all notices, requests, demands, claims and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been duly received (i) upon receipt by hand delivery; (ii) upon receipt after being mailed by certified or registered mail, postage prepaid; (iii) the next business day after being sent via a nationally recognized overnight courier; or (iv) upon confirmation of delivery if transmitted by electronic mail in portable document format (i.e., PDF) with an electronic read receipt requested, to the email address indicated (provided, in the case of this clause (iv), a copy thereof is also sent by the method described in clause (iii) of this Section 4.9. Such notices, demands and other communications will be sent to the address or email address indicated below.

- (a) If to the Company or the Employer:

Maui Acquisition Corp.  
13386 International Parkway  
Jacksonville, FL 32218  
Attention: Blaine Browers  
E-mail: blaine.browers@safariland.com

with an additional copy to (which will not constitute notice):

Ropes & Gray LLP  
1211 Avenue of the Americas  
New York, NY 10036-8704  
Attention: Carl Marcellino  
E-mail: Carl.Marcellino@ropesgray.com

- (b) If to the Participant, to the address as shown beneath his or her respective signature to this Agreement.

- 4.10. Rights Cumulative; Waiver. The rights and remedies of the Participant, the Company and the Employer under this Agreement will be cumulative and not exclusive of any rights or remedies that either would otherwise have hereunder or at law or in equity or by statute, and no failure or delay by either party in exercising any right or remedy will impair any such right or remedy or operate as a waiver of such right or remedy, nor will any single or partial exercise of any power or right preclude such party's other or further exercise or the exercise of any other power or right. The waiver by any party hereto of a breach of any provision of this Agreement will not operate or be construed as a waiver of any preceding or succeeding breach and no failure by either party to exercise any right or privilege hereunder will be deemed a waiver of such party's rights or privileges hereunder or will be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

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- 4.11. Counterparts. This Agreement may be executed in separate counterparts (including by means of telecopied signature pages), and by different parties on separate counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument.
- 4.12. Integration. This Agreement and the documents referred to herein or delivered pursuant hereto (including, without limitation, the Plan) that form a part hereof, contain the entire understanding of the parties with respect to the subject matter hereof and thereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof or thereof other than those expressly set forth herein and therein. This Agreement and such other documents supersede all prior agreements and understandings between the parties with respect to such subject matter.

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

The Company:

MAUI ACQUISITION CORP, INC.

By: \_\_\_\_\_

Name: [●]

Title: [●]

The Employer:

[Safariland LLC]

By: \_\_\_\_\_  
Name: [●]  
Title: [●]

[Signature Page to Phantom Share Award Agreement]

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The Participant:

\_\_\_\_\_  
[NAME]  
Address of Residence:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature Page to Phantom Share Award Agreement]

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**CADRE HOLDINGS, INC.  
2021 STOCK INCENTIVE PLAN**

1. **PURPOSE.** The purpose of Cadre Holdings, Inc. 2021 Stock Incentive Plan (the “Plan”) is to provide a means through which the Company and its Affiliates may attract able persons to enter and remain in the employ of the Company and its Affiliates and to provide a means whereby eligible persons can acquire and maintain Common Stock ownership, or be paid incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company and its Affiliates and promoting an identity of interest between stockholders and these eligible persons.

So that the appropriate incentive can be provided, the Plan provides for granting Incentive Stock Options, NQSOs, SARs, Restricted Stock Awards, Restricted Stock Unit Awards and Performance Awards and Other Stock-Based Awards, or any combination of the foregoing. Capitalized terms not defined in the text are defined in Section 24.

**2. SHARES SUBJECT TO THE PLAN**

2.1 **Number of Shares.** Subject to Section 18, the total number of Shares reserved and available for grant and issuance pursuant to this Plan will be 5,750,000 Shares, subject to the automatic Share increase described in Section 2.2 below. Of the total Shares reserved for issuance under the Plan, no more than 75% of above total shares of Common Stock may be issued under the Plan as Awards under Sections 6 and 7 of the Plan, subject to the automatic Share increase described in Section 2.3 below. Shares that have been (a) reserved for issuance under Options which have expired or otherwise terminated without issuance of the underlying Shares, (b) reserved for issuance or issued under an Award granted hereunder but are forfeited or are repurchased by the Company at the original issue price, or (c) reserved for issuance or issued under an Award that otherwise terminates without Shares being issued, shall be available for issuance. In the event of the exercise of SARs, whether or not granted in tandem with Options, only the number of shares of Common Stock actually issued in payment of such SARs shall be charged against the number of shares of Common Stock available for the grant of Awards hereunder, and any Common Stock subject to tandem Options, or portions thereof, which have been surrendered in connection with any such exercise of SARs shall not be charged against the number of shares of Common Stock available for the grant of Awards hereunder. Notwithstanding anything to the contrary contained herein, Shares subject to an Award under the Plan shall not again be made available for issuance or delivery under the Plan if such Shares are (a) tendered in payment of an Option, or (b) delivered or withheld by the Company to satisfy any tax withholding obligation. At all times the Company shall reserve and keep available a sufficient number of Shares as shall be required to satisfy the requirements of all outstanding Options granted under this Plan and all other outstanding but unvested Awards granted under this Plan. The Shares to be offered under the Plan shall be authorized and unissued Common Stock, or issued Common Stock that shall have been reacquired by the Company. Subject to adjustment in accordance with Section 18, not more than 5,750,000 Shares may be issued in the aggregate pursuant to the exercise of Incentive Stock Options, subject to an annual increase of 1,500,000 Shares, beginning with January in year 2022 and continuing through January in year 2031.

2.2 **Annual Increases.** The number of Shares of Common Stock available for issuance under the Plan shall automatically increase on the first trading day of January of each year, beginning with January in year 2022 and continuing through January in year 2031, by a number of Shares equal to five percent (5.00%) of the total number of Shares of Common Stock outstanding on the last trading day in the immediately preceding December.

2.3 **Award Limitation.** The number of Shares of Common Stock which may be issued under the Plan as Awards under Sections 6 and 7 of the Plan shall automatically increase on the first trading day of January of each year, beginning with January in year 2022 and continuing through January in year 2031, by a number of Shares equal to seventy-five percent (75%) of the total number of Shares increased pursuant to Section 2.2.

3. **ELIGIBILITY.** ISO’s (as defined in Section 5 below) may be granted only to employees (including officers and directors who are also employees) of the Company or of a Subsidiary. All other Awards may be granted to employees, officers, directors, or Consultants of the Company or an Affiliate and to those who the Committee determines are reasonably expected to become employees, officers, directors, or Consultants, of the Company or an Affiliate.

**4. ADMINISTRATION.**

4.1 **Committee Authority.** This Plan will be administered by the Committee. Any power, authority or discretion granted to the Committee may also be taken by the Board. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan. Without limitation, the Committee will have the authority to:

- (a) select persons to receive Awards;
- (b) determine the nature, extent, form and terms of Awards and the number of Shares or other consideration subject to Awards;
- (c) determine when Awards are to be granted under the Plan and the applicable Grant Date;
- (d) determine the vesting, exerciseability and payment of Awards;
- (e) correct any defect, supply any omission or reconcile any inconsistency in this Plan, any Award or any Award Agreement;
- (f) determine whether Awards will be granted singly, in combination with, in tandem with, in replacement of, or as alternatives to, other Awards under this Plan or any other incentive or compensation plan of the Company or any Subsidiary of the Company;
- (g) prescribe, amend and rescind rules and regulations relating to this Plan or any Award;
- (h) make all factual determinations with respect to, and otherwise construe and interpret, this Plan, any Award Agreement and any other agreement or document executed pursuant to this Plan;
- (i) grant waivers of Plan or Award conditions;
- (j) determine whether an Award has been earned;
- (k) accelerate the vesting of any Award;
- (l) authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;
- (m) amend any outstanding Awards, including for the purpose of modifying the time or manner of vesting, or the term of any outstanding Award;

(n) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; and

(o) make all other determinations necessary or advisable for the administration of this Plan.

The Committee's interpretation of the Plan or any documents evidencing Awards granted pursuant thereto and all decisions and determinations by the Committee with respect to the Plan shall be final, binding, and conclusive on all parties unless otherwise determined by the Board.

**4.2 Committee Discretion.** Any determination made by the Committee with respect to any Award will be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of this Plan or Award, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Award under this Plan. The Committee may delegate such of its powers and authority under the Plan as it deems appropriate to designated officers or employees of the Company with respect to Awards that do not involve "insiders" within the meaning of Section 16 of the Exchange Act. In addition, the full Board may exercise any of the powers and authority of the Committee under the Plan. In the event of such delegation of authority or exercise of authority by the Board, references in the Plan to the Committee shall be deemed to refer, as appropriate, to the delegate of the Committee or the Board. Actions taken by the Committee and any delegation by the Committee to designated officers or employees shall comply with Section 16(b) of the Exchange Act and the regulations promulgated thereunder, or the successor to such statutory provision or regulations, as in effect from time to time, to the extent applicable. Notwithstanding any other provision of the Plan, if the Committee deems it to be in the best interest of the Company, the Committee retains the discretion to make such Awards under the Plan that may not comply with the requirements of Section 16(b) of the Exchange Act or any other relevant statute or regulation.

**4.3 Award Agreements; Clawbacks.**

The grant of any Award may be contingent upon the Participant executing the appropriate Award Agreement. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Participant on account of actions taken by the Participant in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof, or upon the Participant's otherwise engaging in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Participant. Furthermore, the Company may annul an Award if the Participant is terminated for Cause.

All Awards and any amounts or benefits received or outstanding under the Plan shall be subject to clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with any applicable Company clawback or similar policy ("Clawback Policy") or any applicable law related to such actions. In addition, a Participant may be required to repay to the Company previously paid compensation whether provided pursuant to the Plan or an Award Agreement in accordance with the Clawback Policy. A Participant's acceptance of an Award shall be deemed to constitute the Participant's acknowledgement of and consent to the Company's application, implementation and enforcement of any applicable Company clawback or similar policy that may apply to the Participant, whether adopted before or after the Effective Date or, with respect to an Award, the Grant Date of such Award, and any provision of applicable law relating to clawback, cancellation, recoupment, rescission payback, or reduction of compensation, and to the Participant's agreement that the Company may take any actions that may be necessary to effectuate any such policy or applicable law, without further consideration or action.

**4.4 Deferral Arrangement.** The Committee may permit or require the deferral of any Award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish and in accordance with Section 409A of the Code, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Share units.

**4.5 No Liability.** No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any Award or Award Agreement.

**5. STOCK OPTIONS.** The Committee may grant Options to eligible persons and will determine whether such Options will be intended to be "Incentive Stock Options" within the meaning of Section 422 of the Code or any successor section thereof ("ISO's") or nonqualified stock options (Options not intended to qualify as incentive stock options) ("NQSO's"), the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, and all other terms and conditions of the Option, subject to the following:

**5.1 Form of Option Grant.** Each Option granted under this Plan will be evidenced by an Award Agreement ("Stock Option Agreement"), which will expressly identify the Option as an ISO or NQSO, and will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve, and which will comply with and be subject to the terms and conditions of this Plan. The Company shall have no liability to any Participant or any other person if an Option designated as an Incentive Stock Option fails to qualify as such at any time or if an Option is determined to constitute "nonqualified deferred Compensation" with the meaning of Section 409A of the Code.

**5.2 Exercise Period.** Options may be exercisable to the extent vested within the times or upon the events determined by the Committee as set forth in the Stock Option Agreement governing such Option; provided, however, that no Option will be exercisable after the expiration of ten (10) years from the date the Option is granted; and provided further that no ISO granted to a person who directly or by attribution owns more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Subsidiary of the Company ("Ten Percent Stockholder") will be exercisable after the expiration of five (5) years from the date the ISO is granted. The Committee also may provide for options to become exercisable at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines.

**5.3 Exercise Price.** The Exercise Price of an option will be determined by the Committee when the option is granted and may be greater, less than, or equal to the Fair Market Value of the Shares on the Grant Date; provided that: (i) the Exercise Price of an ISO will be not less than 100% of the Fair Market Value of the Shares on the Grant Date; and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than 110% of the Fair Market Value of the Shares on the date of grant. In addition, the Exercise Price may be subject to a limit on the economic value that may be realized by a Participant from an Option or SAR.

**5.4 Delivery of Stock Option Agreement and Plan.** The Stock Option Agreement and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option.

**5.5 Method of Exercise.** Options may be exercised by delivery to the Company of a written stock option exercise agreement (the "Exercise Agreement") in a form approved from time to time by the Committee (which need not be the same for each Participant), stating the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding Participant's investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the Exercise Price for the

number of Shares being purchased. Payment for the Shares purchased may be made in accordance with Section 8 of this Plan.

**5.6 Termination.** Unless otherwise expressly provided in an Award Agreement or otherwise determined by the Committee, exercise of an option will always be subject to the following:

- a. If the Participant is Terminated for any reason (including voluntary Termination) other than death or Disability, then the Participant may exercise such Participant's Options only to the extent that such options would have been exercisable upon the Termination Date no later than three (3) months after the Termination Date (or such shorter or longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be a NQSO), but in any event, no later than the expiration date of the Options.
- b. If the Participant is Terminated because of Participant's death or Disability (or the Participant dies within three (3) months after a Termination other than for Cause or because of Participant's Disability), then Participant's Options may be exercised only to the extent that such options would have been exercisable by Participant on the Termination Date and must be exercised by Participant (or Participant's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (or such shorter or longer time period not exceeding five (5) years as may be determined by the Committee, with any such exercise beyond twelve (12) months after the Termination Date when the Termination is for Participant's death or Disability, deemed to be a NQSO), but in any event no later than the expiration date of the Options.
- c. Notwithstanding the provisions in paragraph 5.6(a) above, if a Participant is terminated for Cause, neither the Participant, the Participant's estate nor such other person who may then hold the Option shall be entitled to exercise any option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company or Affiliate for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Committee shall give the Participant an opportunity to present to the Committee evidence on his behalf. For the purpose of this paragraph, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his or her service is terminated.
- d. If the Participant is not an employee or a director, the Award Agreement shall specify treatment of the Award upon Termination.

**5.7 Limitations on ISO.** The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISO's are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or Subsidiary of the Company) will not exceed \$100,000 or such other amount as may be required by the Code. If the Fair Market Value of Shares on the date of grant with respect to which ISO's are exercisable for the first time by a Participant during any calendar year exceeds \$100,000, then the Options for the first \$100,000 worth of Shares to become exercisable in such calendar year will be ISO's and the Options for the amount in excess of \$100,000 that become exercisable in that calendar year will be NQSO's. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date of this Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISO's, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.

**5.8 Modification, Extension or Renewal.** The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor, provided that, except as expressly provided for in the Plan or an Award Agreement, any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any option previously granted and (ii) except as provided for in Section 18 of the Plan, Options issued hereunder will not be repriced, replaced or regranted through cancellation or by lowering the Exercise Price of a previously granted Option without prior approval of the Company's stockholders. Any outstanding ISO that is modified, extended, renewed or otherwise altered will be treated in accordance with Section 424(h) of the Code.

**5.9 Limitations on Exercise.** The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an option, provided that such minimum number will not prevent Participant from exercising the option for the full number of Shares for which it is then exercisable.

**5.10 No Disqualification.** Notwithstanding any other provision in this Plan, no term of this Plan relating to ISO's will be interpreted, amended or altered, nor will any discretion or authority granted under this Plan be exercised, so as to disqualify this Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

**5.12 Stock Appreciation Rights (SARs).** In addition to the grant of Options, as set forth above, the Committee may also grant SARs to any person eligible to be a Participant, which grant shall consist of a right that is the economic equivalent, and in all other regards is identical to an Option that is permitted to be granted under the Plan, except that on the exercise of such SAR, the Participant shall receive shares of Common Stock having a Fair Market Value that is equal to the Fair Market Value of the shares of Common Stock that would be subject to such an Option, reduced by the amount that would be required to be paid by the Participant as the Exercise price of such Option. A grant of a SAR shall be documented by means of an Award Agreement (a "SAR Agreement") containing the relevant terms and conditions of such grant. For purposes of the limitation on the number of shares of Common Stock that may be subject to Options granted to any Participant during any one calendar year, and for purposes of the aggregate limitation on the number of shares of Common Stock that may be subject to grants under the Plan, SARs shall be treated in the same manner as Options would be treated.

## **6. RESTRICTED STOCK**

**6.1. Restricted Stock Awards.** The Committee may grant to any Participant an Award of Common Stock in such number of shares, and on such terms, conditions and restrictions, whether based on performance standards, periods of service, retention by the Participant of ownership of purchased or designated shares of Common Stock or other criteria, as the Committee shall establish. The terms of any Restricted Stock Award granted under this Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with this Plan.

**6.2 Issuance of Restricted Shares.** As soon as practicable after the Date of Grant of a Restricted Stock Award by the Committee, the Company shall cause to be transferred on the books of the Company, or its agent, Common Stock, registered on behalf of the Participant, evidencing the restricted Shares covered by the Award, but subject to forfeiture to the Company as of the Date of Grant if an Award Agreement with respect to the Restricted Shares covered by the Award is not duly executed by the Participant and timely returned to the Company. All Common Stock covered by Awards under this Section 6 shall be subject to the restrictions, terms and conditions contained in the Plan and the Award Agreement entered into by the Participant. Until the lapse or release of all restrictions applicable to an Award of restricted Shares, the share certificates representing such restricted Shares may be held in custody by the Company, its designee, or, if the certificates bear a restrictive legend, by the Participant. Upon the lapse or release of all restrictions with respect to an Award as described in Section 6.5, one or more share certificates, registered in the name of the Participant, for an appropriate number of shares as provided in Section 6.5, free of any restrictions set forth in the Plan and the Award Agreement shall be delivered to the Participant.

6.3 Shareholder Rights. Beginning on the Grant Date of the Restricted Stock Award and subject to execution of the Award Agreement as provided in Section 6.2, the Participant shall become a shareholder of the Company with respect to all shares subject to the Award Agreement and shall have all of the rights of a shareholder, including, but not limited to, the right to vote such shares and the right to receive dividends; provided, however, that any Common Stock distributed as a dividend or otherwise with respect to any restricted Shares as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such restricted Shares and held or restricted as provided in Section 6.2.

6.4 Restriction on Transferability. None of the restricted Shares may be assigned or transferred (other than by will or the laws of descent and distribution, or to an inter vivos trust with respect to which the Participant is treated as the owner under Sections 671 through 677 of the Code, except to the extent that Section 16 of the Exchange Act limits a Participant's right to make such transfers), pledged or sold prior to lapse of the restrictions applicable thereto.

6.5 Delivery of Shares Upon Vesting. Upon expiration or earlier termination of the forfeiture period without a forfeiture and the satisfaction of or release from any other conditions prescribed by the Committee, or at such earlier time as provided under the provisions of Section 6.7, the restrictions applicable to the restricted Shares shall lapse. As promptly as administratively feasible thereafter, the Company shall deliver to the Participant or, in case of the Participant's death, to the Participant's beneficiary, one or more share certificates for the appropriate number of shares of Common Stock, free of all such restrictions, except for any restrictions that may be imposed by law.

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6.6 Forfeiture of Restricted Shares. Subject to Sections 6.7, all restricted Shares shall be forfeited and returned to the Company and all rights of the Participant with respect to such restricted Shares shall terminate unless the Participant continues in the service of the Company or a Subsidiary as an employee until the expiration of the forfeiture period for such restricted Shares and satisfies any and all other conditions set forth in the Award Agreement. The Committee shall determine the forfeiture period (which may, but need not, lapse in installments) and any other terms and conditions applicable with respect to any Restricted Stock Award.

6.7 Waiver of Forfeiture Period. Notwithstanding anything contained in this Section 6 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, Disability or retirement of the Participant or a material change in circumstances arising after the date of an Award) and subject to such terms and conditions (including forfeiture of a proportionate number of the restricted Shares) as the Committee shall deem appropriate.

6.8 Restricted Stock Unit Awards. Without limiting the generality of the foregoing provisions of this Section 6, and subject to such terms, limitations and restrictions as the Committee may impose, Participants designated by the Committee may receive Awards of Restricted Stock Units representing the right to receive shares of Common Stock in the future subject to the achievement of one or more goals relating to the completion of service by the Participant and/or the achievement of performance or other objectives. Restricted Stock Unit Awards shall be subject to the restrictions, terms and conditions contained in the Plan and the applicable Award Agreements entered into by the appropriate Participants. Until the lapse or release of all restrictions applicable to an Award of Restricted Stock Units, no shares of Common Stock shall be issued in respect of such Awards and no Participant shall have any rights as a stockholder of the Company with respect to the shares of Common Stock covered by such Restricted Stock Unit Award. Upon the lapse or release of all restrictions with respect to a Restricted Stock Unit Award or at a later date if distribution has been deferred, one or more share certificates, registered in the name of the Participant, for an appropriate number of shares, free of any restrictions set forth in the Plan and the related Award Agreement shall be delivered to the Participant. A Participant's Restricted Stock Unit Award shall not be contingent on any payment by or consideration from the Participant other than the rendering of services. Notwithstanding anything contained in this Section 6.8 to the contrary, the Committee may, in its sole discretion, waive the forfeiture period and any other conditions set forth in any Award Agreement under appropriate circumstances (including the death, Disability or retirement of the Participant) and subject to such terms and conditions (including forfeiture of a proportionate number of the Restricted Stock Units) as the Committee shall deem appropriate.

## **7. PERFORMANCE AND OTHER STOCK-BASED AWARDS.**

### **7.1 Performance Awards.**

(a) Award Periods and Calculations of Potential Incentive Amounts. The Committee may grant Performance Awards to Participants. A Performance Award shall consist of the right to receive a payment (measured by the Fair Market Value of a specified number of shares of Common Stock, increases in such Fair Market Value during the Award Period and/or a fixed cash amount) contingent upon the extent to which certain predetermined performance targets have been met during an Award Period. The Award Period shall be as determined by the Committee. The Committee, in its discretion and under such terms as it deems appropriate, may permit newly eligible Participants, such as those who are promoted or newly hired, to receive Performance Awards after an Award Period has commenced.

(b) Performance Targets. The performance targets may include such goals related to the performance of the Company or, where relevant, any one or more of its Subsidiaries or divisions and/or the performance of a Participant as may be established by the Committee in its discretion. The performance targets established by the Committee may vary for different Award Periods and need not be the same for each Participant receiving a Performance Award in an Award Period. The Committee, in its discretion, but only under extraordinary circumstances as determined by the Committee, may change any prior determination of performance targets for any Award Period at any time prior to the final determination of the Award when events or transactions occur to cause the performance targets to be an inappropriate measure of achievement.

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(c) Earning Performance Awards. The Committee, at or as soon as practicable after the Date of Grant, shall prescribe a formula to determine the percentage of the Performance Award to be earned based upon the degree of attainment of the applicable performance targets.

(d) Payment of Earned Performance Awards. Payments of earned Performance Awards shall be made in cash, Common Stock or Stock Units, or a combination of cash, Common Stock and Stock Units, in the discretion of the Committee. The Committee, in its sole discretion, may define, and set forth in the applicable Award Agreement, such terms and conditions with respect to the payment of earned Performance Awards as it may deem desirable.

(e) Termination of Service. In the event of a Participant's Termination during an Award Period, the Participant's Performance Awards shall be forfeited except as may otherwise be provided in the applicable Award Agreement.

7.2. Grant of Other Stock-Based Awards. Other stock-based awards, consisting of stock purchase rights (with or without loans to Participants by the Company containing such terms as the Committee shall determine), Awards of Common Stock, or Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, may be granted either alone or in addition to or in conjunction with other Awards under the Plan. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the persons to whom and the time or times at which such Awards shall be made, the number of shares of Common Stock to be granted pursuant to such Awards, and all other conditions of the Awards. Any such Award shall be confirmed by an Award Agreement executed by the Committee and the Participant, which Award Agreement shall contain such provisions as the Committee determines to be necessary or appropriate to carry out the intent of this Plan with respect to

such Award.

7.3. Terms of Other Stock-Based Awards. In addition to the terms and conditions specified in the Award Agreement, Awards made pursuant to Section 7.2 shall be subject to the following:

- (a) Any Common Stock subject to Awards made under Section 7.2 may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the shares are issued, or, if later, the date on which any applicable restriction, performance or deferral period lapses; and
- (b) If specified by the Committee in the Award Agreement, the recipient of an Award under Section 7.2 shall be entitled to receive, currently or on a deferred basis, interest or dividends or dividend equivalents with respect to the Common Stock or other securities covered by the Award; and
- (c) The Award Agreement with respect to any Award shall contain provisions dealing with the disposition of such Award in the event of the Participant's Termination prior to the exercise, realization or payment of such Award, whether such termination occurs because of retirement, Disability, death or other reason, with such provisions to take account of the specific nature and purpose of the Award.

## 8. PAYMENT FOR SHARE PURCHASES.

8.1 Payment. Payment for Shares purchased pursuant to this Plan may be made in cash (by check) or, where expressly approved for the Participant by the Committee or where expressly indicated in the Participant's Award Agreement and where permitted by law:

- a. by the tender to the Company of Shares, which Shares shall be valued at their Fair Market Value on the date of exercise or surrender. Notwithstanding the foregoing, in the case of an Incentive Stock Option, the right to make payment in the form of already-owned Shares may be authorized only at the time of grant;
- b. with respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement so provides, payment of the Exercise Price may be made all or in part by delivery (on a form acceptable to the Company) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of the Exercise Price; and
- c. in any other form that is consistent with applicable laws, regulations and rules, including the Company's withholding of Shares otherwise due to the exercising Grantee.

At its discretion, the Committee may modify or suspend any method for the exercise of stock options, including any of the methods specified in the previous sentence. Delivery of shares for exercising an Option shall be made either through the physical delivery of shares or through an appropriate certification or attestation of valid ownership.

## 9. WITHHOLDING TAXES

9.1 Withholding Generally. Whenever Shares are to be issued in satisfaction of Awards granted under this Plan, the Company may require the Participant to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate or certificates for such Shares. Whenever, under this Plan, payments in satisfaction of Awards are to be made in cash, such payment will be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

9.2 Stock Withholding. When, under applicable law, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may in its sole discretion allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose will be made in accordance with the requirements established by the Committee and be in writing in a form acceptable to the Committee.

10. **PRIVILEGES OF STOCK OWNERSHIP.** No Participant will have any of the rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or, other distributions made or paid with respect to such Shares; provided, that if such Shares are Restricted Stock, then any new, additional or different securities the Participant may become entitled to receive with respect to such Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the Restricted Stock; provided, further, that the Participant will have no right to retain such stock dividends or stock distributions with respect to Shares that are repurchased at the Participant's purchase price or Exercise Price pursuant to Section 12.

## 11. TRANSFERABILITY.

11.1 Non-Transferability of Options. No Option granted under the Plan shall be transferable by the Participant otherwise than by will or by the laws of descent and distribution, and such option right shall be exercisable, during the Participant's lifetime, only by the Participant. Notwithstanding the foregoing, the Committee may set forth in an Award Agreement at the time of grant or thereafter, that the Options (other than Incentive Stock Options) may be transferred to members of the Participant's immediate family, to trusts solely for the benefit of such immediate family members and to partnerships or limited liability companies in which such family members and/or trusts are the only partners or members, as the case may be. For this purpose, immediate family means the Participant's spouse, parents, children, stepchildren, grandchildren and legal dependants. Any transfer of Options made under this provision will not be effective until notice of such transfer is delivered to the Company.

11.2 Rights of Transferee. Notwithstanding anything to the contrary herein, if an Option has been transferred in accordance with Section 11.1 above, the Option shall be exercisable solely by the transferee. The Option shall remain subject to the provisions of the Plan, including that it will be exercisable only to the extent that the Participant or Participant's estate would have been entitled to exercise it if the Participant had not transferred the Option. In the event of the death of the Participant prior to the expiration of the right to exercise the transferred Option, the period during which the Option shall be exercisable will terminate on the date 12 months following the date of the Participant's death. In no event will the Option be exercisable after the expiration of the exercise period set forth in the Award Agreement. The Option shall be subject to such other rules relating to transferees as the Committee shall determine.

12. **RESTRICTIONS ON SHARES.** At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right to repurchase a portion of or all Unvested Shares held by a Participant following such Participant's Termination at any time within three (3) months after the later of Participant's Termination Date and the date Participant purchases Shares under this Plan, for cash and/or cancellation of purchase money indebtedness, at the Participant's



Exercise Price or purchase price, as the case may be.

13. **CERTIFICATES.** All certificates for Shares or other securities delivered under this Plan will be subject to such stock transfer orders, legends and other restrictions, consistent with the terms of the Awards, as the Committee may deem necessary or advisable, including restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system upon which the Shares may be listed or quoted.

14. **ESCROW; PLEDGE OF SHARES.** To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other instruments of transfer approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under this Plan will be required to pledge and deposit with the Company all or part of the Shares so purchased as collateral to secure the payment of Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, Participant will be required to execute and deliver a written pledge agreement in such form as the Committee will from time to time approve. In the discretion of the Committee, the pledge agreement may provide that the Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

15. **EXCHANGE AND BUYOUT OF AWARDS.** The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. In addition, the Committee may at any time buy from a Participant an Award previously granted with payment in cash, Shares (including Restricted Stock) or other consideration, based on such terms and conditions as the Committee and the Participant may agree.

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16. **SECURITIES LAW AND OTHER REGULATORY COMPLIANCE.** An Award will not be effective unless such Award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. However, in the event that an Award is not effective as discussed in the preceding sentence, the Company will use reasonable efforts to modify, revise or renew such Award in a manner so as to make the Award effective. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

17. **NO OBLIGATION TO EMPLOY.** Nothing in this Plan or any Award granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Subsidiary of the Company or limit in any way the right of the Company or any Subsidiary of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

18. **CORPORATE TRANSACTIONS.**

18.1 Assumption or Replacement of Awards by Successor. If a Change-of-Control Event occurs:

- (i) the successor company in any Change-of-Control Event may, if approved in writing by the Committee prior to any Change-of-Control Event:
  - (1) substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards), or
  - (2) issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or substantially similar other securities or substantially similar other property subject to repurchase restrictions no less favorable to the Participant.
- (ii) Notwithstanding anything in this Plan to the contrary, the Committee may, in its sole discretion, provide that the vesting of any or all Awards granted pursuant to this Plan will accelerate immediately prior to the consummation of a Change-of-Control Event. If the Committee exercises such discretion with respect to Options, such Options will become exercisable in full prior to the consummation of such event at such time and on such conditions as the Committee determines, and if such Options are not exercised prior to the consummation of such event, they shall terminate at such time as determined by the Committee.

18.2 Other Treatment of Awards. Subject to any rights and limitations set forth in Section 18.1, if a Change-of-Control Event occurs or has occurred, any outstanding Awards will be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, or sale of assets constituting the Change-of-Control Event.

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18.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Award under this Plan in substitution of such other company's award, or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. If the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such Option will be adjusted appropriately pursuant to Section 424(a) of the Code). If the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

18.4 Adjustment of Shares. In the event that the number of outstanding shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company without consideration, then (a) the number of Shares reserved for issuance under this Plan, (b) the Exercise Prices of and number of Shares subject to outstanding Options, and (c) the number of Shares subject to other outstanding Awards will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; provided, however, that fractions of a Share will not be issued but will either be replaced by a cash payment equal to the Fair Market Value of such fraction of a Share or will be rounded up to the

nearest whole Share, as determined by the Committee.

19. **ADOPTION AND STOCKHOLDER APPROVAL.** This Plan became effective as of July [ ], 2021, the date that this Plan was approved by the stockholders of the Company, consistent with applicable laws (the "Effective Date").

20. **TERM OF PLAN.** Unless earlier terminated as provided herein, this Plan will terminate ten (10) years from the date this Plan is adopted by the Board. The expiration of the Plan, however, shall not affect the rights of Participants under Options theretofore granted to them, and all unexpired options and Awards shall continue in force and operation after termination of the Plan, except as they may lapse or be terminated by their own terms and conditions.

21. **AMENDMENT OR TERMINATION OF PLAN.** The Board may at any time terminate or amend this Plan in any respect, including without limitation, amendment of any form of Award Agreement or instrument to be executed pursuant to this Plan; provided, however, that the Board will not, (i) without the approval of the stockholders of the Company, amend this Plan in any manner that applicable law or regulation requires such stockholder approval, or (ii) without the written consent of the Participant substantially alter or impair any Award previously granted under the Plan. Notwithstanding the foregoing, if an Option has been transferred in accordance with the terms of this Plan, written consent of the transferee (and not the Participant) shall be necessary to substantially alter or impair any option or Award previously granted under the Plan.

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## 22. EFFECT OF SECTIONS 162(M) AND 409A OF THE CODE.

22.2 Section 409A Compliance. No Award (or modification thereof) intended to comply with Section 409A of the Code shall provide for deferral of compensation that does not comply with Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if one or more of the payments or benefits received or to be received by a Participant pursuant to an Award would cause the Participant to incur any additional tax or interest under Section 409A of the Code, the Committee may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code. For purposes of this Plan, and solely to the extent necessary or advisable to comply with any applicable requirements of Section 409A of the Code and the regulations thereunder, references to a "termination of employment" shall be deemed to mean a "separation from service" as that term is defined under Treasury Reg. Section 1.409A-1(h). Notwithstanding any other provisions of this Plan to the contrary, and solely to the extent necessary for compliance with Section 409A of the Code (and only to the extent not otherwise eligible for exclusion from the requirements of Section 409A of the Code), if the Participant becomes entitled to a payment of any benefit or settlement of any Award under this Plan in connection with the Participant's termination of employment (other than due to death) and the Participant is deemed to be a "Specified Employee" (as defined under Section 409A of the Code) as of the date of such termination of employment, no payment, settlement or other distribution required to be made to the Participant hereunder (including any payment of cash, any transfer of property and any provision of taxable benefits) shall be made earlier than the date that is six (6) months and one day following the date of the Participant's termination of employment with the Company."

## 23. GENERAL.

23.1 Additional Provisions of an Award. Awards under the Plan also may be subject to such other provisions (whether or not applicable to the benefit awarded to any other Participant) as the Committee determines appropriate including, without limitation, provisions to assist the Participant in financing the purchase of Stock upon the exercise of options, provisions for the forfeiture of or restrictions on resale or other disposition of shares of Stock acquired under any Award, provisions giving the Company the right to repurchase shares of Stock acquired under any Award in the event the Participant elects to dispose of such shares, provisions which restrict a Participant's ability to sell Shares for a period of time under certain circumstances, and provisions to comply with Federal and state securities laws and Federal and state tax withholding requirements. Any such provisions shall be reflected in the applicable Award Agreement.

23.2. Claim to Awards and Employment Rights. Unless otherwise expressly agreed in writing by the Company, no employee or other person shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Company, a Subsidiary or an Affiliate.

23.3. Designation and Change of Beneficiary. Each Participant shall file with the Committee a written designation of one or more persons as the beneficiary who shall be entitled to receive the amounts payable with respect to an Award of Restricted Stock, if any, due under the Plan upon his death. A Participant may, from time to time, revoke or change his beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by the Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

23.4. Payments to Persons Other Than Participants. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, or is otherwise legally incompetent or incapacitated or has died, then any payment due to such person or such person's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to such person's spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee, in its absolute discretion, to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

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23.5. No Liability of Committee Members. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such Committee member or on his or her behalf in his or her capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or By-Laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

23.6. Governing Law. The Plan and all agreements hereunder shall be governed by and construed in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof.

23.7. Funding. No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as

general unsecured creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

23.8. Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in relying, acting or failing or refusing to act, and shall not be liable for having so relied, acted or failed or refused to act in good faith, upon any report made by the independent public accountant of the Company and its Affiliates and upon any other information furnished in connection with the Plan by any person or persons other than himself.

23.9. Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company or any Affiliate except as otherwise specifically provided in such other plan.

23.10. Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

23.11. Pronouns. Masculine pronouns and other words of masculine gender shall refer to both men and women.

23.12. Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings shall control.

23.13. Termination of Employment. For all purposes herein, a person who transfers from employment or service with the Company to employment or service with an Affiliate or vice versa shall not be deemed to have terminated employment or service with the Company or Affiliate.

23.14. Nonexclusivity of the Plan. Neither the adoption of this Plan by the Board, the submission of this Plan to the stockholders of the Company for approval, nor any provision of this Plan will be construed as creating any limitations on the power of the Board to adopt such incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

23.15 Employees Based Outside of the United States. Notwithstanding any provision of the Plan to the contrary, in order to foster and promote achievement of the purposes of the Plan or to comply with provisions of laws in other countries in which the Company, its Affiliates, and its Subsidiaries operate or have employees, the Committee, in its sole discretion, shall have the power and authority to (i) determine which employees employed outside the United States are eligible to participate in the Plan, (ii) modify the terms and conditions of Awards granted to employees who are employed outside the United States, and (iii) establish subplans (through the addition of schedules to the Plan or otherwise), modify option exercise procedures and other terms and procedures to the extent such actions may be necessary or advisable.

23.16 Disqualifying Dispositions. Any Participant who shall make a “disposition” (as defined in Section 424 of the Code) or all or any portion of shares of Common Stock acquired upon exercise of an Incentive Stock Option within two years from the Grant Date of such Incentive Stock Option or within one year after the issuance of the shares of Common Stock acquired upon exercise of such Incentive Stock Option (a “Disqualifying Disposition”) shall be required to immediately advise the Company in writing as to the occurrence of the sale and the price realized upon the sale of such shares of Common Stock.

24. **DEFINITIONS.** As used in this Plan, the following terms will have the following meanings:

“Affiliate” means company or other trade or business that “controls,” is “controlled by” or is “under common control” with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including any Subsidiary.

“Award” means any award under this Plan, including any Option, SAR, Restricted Stock, Restricted Stock Unit, Performance Award or Other Stock-Based Award.

“Award Agreement” means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.

“Board” means the Board of Directors of the Company.

“Cause” means the Company, a Subsidiary or Affiliate having cause to terminate a Participant’s employment or service under any existing employment, consulting or any other agreement between the Participant and the Company or a Subsidiary or Affiliate or, in the absence of such an employment, consulting or other agreement, upon (i) the determination by the Committee that the Participant has ceased to perform his duties to the Company, a Subsidiary or Affiliate (other than as a result of his incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his duties to such party, (ii) the Committee’s determination that the Participant has engaged or is about to engage in conduct materially injurious to the company, a Subsidiary or Affiliate or (iii) the Participant having been convicted of a felony or a misdemeanor carrying a jail sentence of six months or more.

“Change-of-Control Event” means the occurrence of any one or more of the following events: (i) there shall have been a change in a majority of the Board of Directors of the Company within a two (2) year period, unless the appointment of a director or the nomination for election by the Company’s stockholders of each new director was approved by the vote of a majority of the directors then still in office who were in office at the beginning of such two (2) year period, or (ii) the Company shall have been sold by either (A) a sale of all or substantially all its assets, or (B) a merger or consolidation, other than any merger or consolidation pursuant to which the Company acquires another entity, or (C) a tender offer, whether solicited or unsolicited.

“Code” means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

“Committee” means the Compensation Committee, the Stock Option Committee or such other committee appointed by the Board consisting solely of two or more Outside Directors or the Board.

“Common Stock” means the outstanding common stock, par value \$0.01 per share, of the Company, or any other class of securities into which substantially all the Common Stock is converted or for which substantially all the Common Stock is exchanged.

“Company” means the Cadre Holdings, Inc., a Delaware corporation, or any successor corporation.

“Consultant” means any individual or entity that performs bona fide services for the Company or an Affiliate, other than as an employee or director, and who may

be offered securities registerable pursuant to registration statement on Form S-8 under the Securities Act.

“Disability” or “Disabled” means a disability, whether temporary or permanent, partial or total, as determined in good faith by the Committee; provided, however, for purposes of determining the term of an Incentive Stock Option pursuant to Section 5.6(b) hereof, the term “Disability” shall have the meaning ascribed to it under Section 22(e)(3) of the Code.

“Effective Date” means the date this Plan is approved by the Board.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exercise Price” means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option.

“Fair Market Value” means, as of any date, the value of a share of the Company’s Common Stock determined as follows:

- a. if such Common Stock is publicly traded and is then listed on a national securities exchange (i.e. The New York Stock Exchange), its closing price on the date of determination on the principal national securities exchange on which the Common Stock is listed or admitted to trading, and if there were no trades on such date, on the day on which a trade occurred next preceding such date;
- b. if such Common Stock is publicly traded and is then quoted on the NASDAQ National Market, its closing price on the NASDAQ National Market on the date of determination as reported in The Wall Street Journal, and if there were no trades on such date, on the day on which a trade occurred next preceding such date;
- c. if such Common Stock is publicly traded but is not quoted on the NASDAQ National market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on the date of determination as reported in The Wall Street Journal or, if not reported in The Wall Street Journal, as reported by any reputable publisher or quotation service, as determined by the Committee in good faith, and if there were no trades on such date, on the day on which a trade occurred next preceding such date;
- d. if none of the foregoing is applicable, by the Committee in good faith based upon factors available at the time of the determination, including, but not limited to, capital raising activities of the Company.

“Grant Date” means the latest to occur of (i) the date as of which the Committee approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under Section 3 or (iii) such other date as may be specified by the Committee in the Award Agreement.

“Insider” means an officer or director of the Company or any other person whose transactions in the Company’s Common Stock are subject to Section 16 of the Exchange Act.

“NQSO’s” has the meaning set forth in Section 5.

“Option” means an Award of an option to purchase Shares pursuant to Section 5.

“Other Stock-Based Award” means an Award pursuant to Section 7.2.

“Outside Director” means a person who is a “nonemployee director” within the meaning of Rule 16b-3 under the Exchange Act.

“Participant” means a person who receives an Award under this Plan.

“Performance Award” means an Award of Shares, or cash in lieu of Shares, pursuant to Section 7.

“Plan” means Cadre Holdings, Inc. 2021 Stock Incentive Plan, as amended from time to time.

“Restricted Stock Award” means an award of Shares pursuant to Section 6.

“Restricted Stock Unit Award” means an Award pursuant to Section 6.8.

“SAR” or “Stock Appreciation Right” means an Award pursuant to Section 5.12

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Shares” means shares of the Company’s Common Stock reserved for issuance under this Plan, as adjusted pursuant to Section 18, and any successor security.

“Stock Unit” means an Award giving the right to receive Shares granted under either Section 6.8 or Section 7 of the Plan.

“Subsidiary” means any “subsidiary corporation” of the Company within the meaning of Code Section 424(f).

“Ten Percent Stockholder” has the meaning set forth in Section 5.2.

“Termination” or “Terminated” means, for purposes of this Plan with respect to a Participant, that the Participant has for any reason ceased to provide services as an employee, officer, director, Consultant or advisor to the Company or Affiliate of the Company. An employee will not be deemed to have ceased to provide services in the case of (i) sick leave, (ii) military leave, or (iii) any other leave of absence approved by the Committee, provided, that such leave is for a period of not more than 90 days, unless re-employment upon the expiration of such leave is guaranteed by contract or statute or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing. In the case of any employee on an approved leave of absence, the Committee may make such provisions respecting suspension of vesting of the Award while on leave from the employ of the Company or an Affiliate as it may deem appropriate, except that in no event may an Option be exercised after the expiration of the term set forth in the Stock Option Agreement. The Committee will have sole discretion to determine whether a Participant has ceased to provide services and the effective date on which the Participant ceased to provide services (the “Termination Date”).

“Unvested Shares” means “Unvested Shares” as defined in the Award Agreement.



**CADRE HOLDINGS, INC.  
2021 STOCK INCENTIVE PLAN  
STOCK OPTION AGREEMENT**

STOCK OPTION AGREEMENT (the "Agreement") made as of the «number date» day of «month», «year», by and between Cadre Holdings, Inc., a Delaware corporation, having its principal office at 13386 International Pkwy, Jacksonville, FL 32218 (the "Company"), and «First Name» «Last Name», an individual residing in «City State» (the "Optionee"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Company's 2021 Stock Incentive Plan.

**WHEREAS**, the Company has heretofore adopted the Cadre Holdings, Inc. 2021 Stock Incentive Plan (the "Plan") for the benefit of certain employees, officers, directors, consultants, independent contractors and advisors of the Company or Subsidiaries of the Company, which Plan has been approved by the Company's stockholders; and

**WHEREAS**, the Optionee is a valued and trusted «employee or director» of the Company and/or one of its subsidiaries and the Company believes it to be in the best interests of the Company to secure the future services of the Optionee by providing the Optionee with an inducement to remain an «employee or director» of the Company and/or one of its Subsidiaries through the grant of an option to acquire an ownership interest in the Company.

**NOW, THEREFORE**, the parties agree as follows:

1. **Option Grant.** Subject to the provisions hereinafter set forth and the terms and conditions of the Plan, the Company hereby grants to the Optionee, as of «grant date» (the "Grant Date"), the right, privilege and option (the "Option") to purchase all or any part of an aggregate of «amount of option» shares (the "Shares") of common stock of the Company, par value \$0.0001 per share (the "Common Stock"), such number being subject to adjustment as provided in the Plan. To the extent applicable, this Option is intended to qualify as an "incentive stock option" ("ISO") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent permitted under Section 422 of the Code.

2. **Exercise Price.** Subject to adjustment as provided in the Plan, the purchase price per Share of Common Stock as to which this Option is exercised (the "Exercise Price") shall be \$«exercise price», the Fair Market Value of such Shares on the Grant Date.

3. **Exercise of Option.** The term of the Option shall be for a period of ten (10) years from the Grant Date and shall expire without further action being taken at 5:00 p.m., «expiration date», subject to earlier termination as provided in Section 5 hereof (the "Expiration Date"). The Option may be exercised at any time, or from time to time, prior to the Expiration Date (or such additional period as may be permitted under the Plan) as to any part or all of the Shares covered by the Option, pursuant to the vesting schedule contained in Section 4.1 hereof; provided, however, that the Option may not be exercised as to less than one hundred (100) shares, unless it is exercised as to all Shares as to which this Option is then exercisable.

4. **Vesting Schedule.**

4.1 **Vesting Date.** The Shares into which this Option is exercisable shall vest in accordance with the following schedule:

<b>Vesting Date</b>	<b>Number of ISOs</b>	<b>Number of Non-Qualified</b>	<b>Total Number of Shares</b>
<<Insert Date>>	<<Total_ISO>>	<<Total_NQSO>>	<<amountofoptions>>

The allocation of options granted between ISOs and NQSOs indicated above is a result of the Limitations on ISO as outlined in the 2021 Stock Incentive Plan and reproduced below.

5.7 **Limitations on ISO.** *The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISO's are exercisable for the first time by a Participant during any calendar year (under this Plan or under any other incentive stock option plan of the Company or any Subsidiary of the Company) will not exceed \$100,000 or such other amount as may be required by the Code. If the Fair Market Value of Shares on the date of grant with respect to which ISO's are exercisable for the first time by a Participant during any calendar year exceeds \$100,000, then the Options for the first \$100,000 worth of Shares to become exercisable in such calendar year will be ISO's and the Options for the amount in excess of \$100,000 that become exercisable in that calendar year will be NQSOs. In the event that the Code or the regulations promulgated thereunder are amended after the Effective Date of this Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISO's, such different limit will be automatically incorporated herein and will apply to any Options granted after the effective date of such amendment.*

4.2 Shares that are vested pursuant to the schedule set forth in Section 4.1 hereof are "Vested Shares."

5. **Termination.**

5.1 **Termination for Any Reason Except Death, Disability or Cause.** If Optionee is Terminated by the Company for any reason (including if the Optionee voluntarily terminates employment with the Company) except upon Optionee's death, Disability or Termination for Cause, then this Option, to the extent (and only to the extent) that it is vested in accordance with the schedule set forth in Section 4.1 hereof on the Termination Date, may be exercised by Optionee no later than three (3) months after the Termination Date (or such longer time period not exceeding five (5) years as may be determined by the Committee, with any exercise beyond three (3) months after the Termination Date deemed to be a NQSO), but in any event no later than the Expiration Date.

5.2 **Termination Because of Death or Disability.** If Optionee's service to the Company is Terminated because of death or Disability of Optionee, then this Option, to the extent that it is vested in accordance with the schedule set forth in Section 4.1 hereof on the Termination Date, may be exercised by Optionee (or Optionee's legal representative or authorized assignee) no later than twelve (12) months after the Termination Date (or such longer time period not exceeding five (5) years as may be determined by the Committee, with any such exercise beyond twelve (12) months after the Termination Date when the Termination is for Participant's death or Disability, deemed to be a NQSO), but in any event no later than the Expiration Date. Any exercise after three months after the Termination Date when the Termination is for any reason other than Optionee's disability, within the meaning of Section 22(e)(3) of the Code, shall be deemed to be the exercise of a nonqualified stock option.

5.3 **Termination for Cause.** If the Optionee is Terminated for Cause, neither the Optionee, the Optionee's estate nor such other person who may then hold the Option shall be entitled to exercise any Option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Optionee

may receive payment from the Company or Subsidiary for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Committee shall give the Optionee an opportunity to present to the Committee evidence on his behalf. For the purpose of this paragraph, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Optionee that Optionee's service is terminated.

For purposes of this Agreement, Termination for Cause means that the Company has cause to terminate an Optionee's employment or service under any existing employment, consulting or any other agreement between the Optionee and the Company or, if such an agreement does not exist, upon finding that (i) the Optionee has ceased to perform his duties (other than as a result of his incapacity due to physical or mental illness or injury), which constitutes an intentional or extended neglect of his/her duties, (ii) the Optionee has engaged or is about to engage in conduct materially injurious to the Company or (iii) the Optionee has been convicted of a felony.

5.4 **No Obligation to Employ.** Nothing in the Plan or this Agreement shall confer on Optionee any right to continue in the employ of, or other relationship with, the Company, a Subsidiary or an Affiliate, or limit in any way the right of the Company or any Affiliate or Subsidiary of the Company to terminate Optionee's employment or other relationship at any time, with or without Cause. This Agreement does not constitute an employment or other service contract. This Agreement does not guarantee employment or other service for the length of time of the Vesting Schedule or for any portion thereof.

## **6. Manner of Exercise.**

6.1 **Stock Option Exercise Procedures.** To exercise this Option, Optionee (or in the case of exercise after Optionee's death, Optionee's executor, administrator, heir or legatee, as the case may be) must follow such exercise procedures as may be established by the Committee from time to time in its sole discretion. Such procedures may include requiring that the Optionee provide certain information including, inter alia, Optionee's election to exercise this Option, the number of Shares being purchased, any restrictions imposed on the Shares and any representations, warranties and agreements regarding Optionee's investment intent and access to information as may be required by the Company to comply with applicable securities laws. If someone other than Optionee exercises this Option, then such person may be required to submit documentation reasonably acceptable to the Company that such person has the right to exercise this Option.

6.2 **Limitations on Exercise.** This Option may not be exercised unless such exercise is in compliance with all applicable federal and state securities laws, as they are in effect on the date of exercise.

6.3 **Payment.** An exercise of this Option shall be accompanied by full payment of the aggregate Exercise Price for the Shares being purchased (a) in cash (by check), or (b) provided that a public market for the Company's stock exists: (1) through a "same day sale" commitment from Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby Optionee irrevocably elects to exercise this Option and to sell a portion of the Shares so purchased to pay for the aggregate Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the aggregate Exercise Price directly to the Company; or (2) through a "margin" commitment from Optionee and an NASD Dealer whereby Optionee irrevocably elects to exercise this Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the aggregate Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the aggregate Exercise Price directly to the Company. Notwithstanding the foregoing, the Board of Directors or the Committee, in their sole discretion, may allow for the full payment of the aggregate Exercise Price for the Shares being purchased to be made by any other method which is in accordance with the provisions of the Plan.

6.4 **Tax Withholding.** Prior to the issuance of the Shares upon exercise of this Option, Optionee must pay or provide for any applicable federal or state withholding obligations of the Company. If the Committee permits, Optionee may provide for payment of withholding taxes upon exercise of this Option by requesting that the Company retain Shares with a Fair Market Value equal to the minimum amount of taxes required to be withheld determined on the date that the amount of tax to be withheld is to be determined. In such case, the Company shall issue the net number of Shares to the Optionee by deducting the Shares retained from the Shares issuable upon exercise.

6.5 **Issuance of Shares.** Provided that both the exercise procedures established by the Committee and payment are in manner, form and substance satisfactory to the Company, and upon the Company's request to counsel for the Company, the Company shall issue the Shares registered in the name of Optionee, Optionee's authorized assignee, or Optionee's legal representative, and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

7. **Notice of Disqualifying Disposition of ISO Shares** To the extent this Option is an ISO, if Optionee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (a) the date two (2) years after the Date of Grant, and (b) the date one (1) year after transfer of such Shares to Optionee upon exercise of this Option, then Optionee shall immediately notify the Company in writing of such disposition.

8. **Compliance With Laws and Regulations.** The exercise of this Option and the issuance and transfer of Shares to the Optionee shall be subject to compliance by the Company and Optionee with (i) all applicable requirements of federal and state securities laws, (ii) all applicable requirements of any stock exchange on which the Company's Common Stock may be listed and (iii) any applicable policy of the Company regarding the trading of securities of the Company, each at the time of such issuance and transfer. Optionee understands that the Company is under no obligation to register or qualify the Shares with the SEC, any state securities commission or any stock exchange to effect such compliance.

9. **Nontransferability of Option.** This Option may not be transferred in any manner other than transfers by will or by the laws of descent and distribution or to members of the Optionee's immediate family, to trusts solely for the benefit of such immediate family members and to partnerships or limited liability companies in which such family members and/or trusts are the only partners or members, as the case may be. For this purpose, "immediate family" means the Optionee's spouse, parents, children, stepchildren, grandchildren and legal dependants. Any transfer of Options made under this provision will not be effective until notice of such transfer is delivered to the Company. The terms of this Option shall be binding upon the executors, administrators, successors and assigns of Optionee.

10. **Privileges of Stock Ownership.** Optionee shall not have any of the rights of a stockholder with respect to any Shares until the Shares are issued to Optionee.

11. **Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Optionee.

12. **Entire Agreement.** The Plan is incorporated herein by reference. This Agreement and the Plan and any exercise procedures as may be established by the Committee constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

13. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the

Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated above or to such other address as such party may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery; three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); one (1) business day after deposit with any return receipt express courier (prepaid); or one (1) business day after transmission by facsimile.

**14. Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Optionee and Optionee's heirs, executors, administrators, legal representatives, successors and assigns.

**15. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applicable to agreements made and to be performed entirely within such state, other than conflict of laws principles thereof directing the application of any law other than that of Delaware.

**16. Acceptance.** Optionee hereby acknowledges receipt of a copy of the Plan and this Agreement. Optionee has read and understands the terms and provisions of the Plan, and accepts this Option subject to all the terms and conditions of the Plan and this Agreement. This Option is subject to, and the Company and the Optionee agree to be bound by, all of the terms and conditions of the Plan under which this Option was granted, as the same shall have been amended, restated or otherwise modified from time to time in accordance with the terms thereof. Pursuant to said Plan, the Board of Directors of the Company or the Committee is vested with final authority to interpret and construe the Plan and this Option, and its present form is available for inspection during the business hours by the Optionee or other persons entitled to exercise this Option at the Company's principal office. Optionee acknowledges that there may be adverse tax consequences upon exercise of this Option or disposition of the Shares and that the Company has advised Optionee to consult a tax advisor prior to such exercise or disposition.

**17. Covenants of the Optionee**

The Optionee agrees (and for any heir, executor, administrator, legal representative, successor, or assignee hereby agrees), as a condition upon exercise of the Option granted hereunder:

(a) Upon the request of the Committee, to execute and deliver a certificate, in form satisfactory to the Committee, certifying that the Shares being acquired upon exercise of the Option are for such person's own account for investment only and not with any view to or present intention to resell or distribute the same. The Optionee hereby agrees that the Company shall have no obligation to deliver the Shares issuable upon exercise of the Option unless and until such certificate shall be executed and delivered to the Company by the Optionee or any successor.

(b) Upon the request of the Committee, to execute and deliver a certificate, in form satisfactory to the Committee, certifying that any subsequent resale or distribution of the Shares by the Optionee shall be made only pursuant to either (i) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which Registration Statement has become effective and is current with regard to the Shares being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Optionee shall, prior to any offer of sale or sale of such Shares, obtain a prior favorable written opinion of counsel, in form and substance satisfactory to counsel for the Company, as to the application of such exemption thereto. The foregoing restriction contained in this subparagraph (b) shall not apply to (i) issuances by the Company so long as the Shares being issued are registered under the Securities Act and a prospectus in respect thereof is current, or (ii) re-offerings of Shares by Affiliates of the Company (as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the Shares being re-offered are registered under the Securities Act and a prospectus in respect thereof is current.

(c) That certificates evidencing Shares purchased upon exercise of the Option shall bear a legend, in form satisfactory to counsel for the Company, manifesting the investment intent and resale restrictions of the Optionee described in this Section.

(d) That upon exercise of the Option granted hereby, or upon sale of the Shares purchased upon exercise of the Option, as the case may be, the Company shall have the right to require the Optionee to remit to the Company, or in lieu thereof, the Company may deduct, an amount of shares or cash sufficient to satisfy federal, state or local withholding tax requirements, if any, prior to the delivery of any certificate for such Shares or thereafter, as appropriate.

**18. Obligations of the Company**

18.1 Upon the exercise of this Option in whole or in part, the Company shall cause the purchased Shares to be issued only when it shall have received the full payment of the aggregate Exercise Price in accordance with the terms of this Agreement.

18.2 The Company shall cause certificates for the Shares as to which the Option shall have been exercised to be registered in the name of the person or persons exercising the Option, which certificates shall be delivered by the Company to the Optionee only against payment of the full Exercise Price in accordance with the terms of this Agreement for the portion of the Option exercised.

18.3 In the event that the Optionee shall exercise this Option with respect to less than all of the Shares of Common Stock that may be purchased under the terms hereof, the Company shall issue to the Optionee a new Option, duly executed by the Company and the Optionee, in form and substance identical to this Option, for the balance of Shares of Common Stock then issuable pursuant to the terms of this Option.

18.4 Notwithstanding anything to the contrary contained herein, neither the Company nor its transfer agent shall be required to issue any fraction of a Share of Common Stock in connection with the exercise of this Option, and the Company shall, upon exercise of this Option in whole or in part, issue the largest number of whole Shares of Common Stock to which this Option is entitled upon such full or partial exercise and shall return to the Optionee the amount of the aggregate Exercise Price paid by the Optionee in respect of any fractional Share.

18.5 The Company may endorse such legend or legends upon the certificates for Shares issued to the Optionee pursuant to the Plan and may issue such "stop transfer" instructions to its transfer agent in respect of such Shares as, in its discretion, it determines to be necessary or appropriate to: (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act; (ii) implement the provisions of the Plan and any agreement between the Company and the



Optionee with respect to such Shares; or (iii) permit the Company to determine the occurrence of a disqualifying disposition, as described in Section 421(b) of the Code, of Shares transferred upon exercise of an incentive stock option granted pursuant to this Agreement and under the Plan.

18.6 The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Shares to the Optionee, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer, except fees and expenses which may be necessitated by the filing or amending of a Registration Statement under the Securities Act, which fees and expenses shall be borne by the Optionee, unless such Registration Statement under the Securities Act has been filed by the Company for its own corporate purposes (and the Company so states) in which event the Optionee shall bear only such fees and expenses as are attributable solely to the inclusion of the Shares he or she receives in the Registration Statement.

18.7 All Shares issued following exercise of the Option and the payment of the Exercise Price in accordance with the terms of this Agreement therefore shall be fully paid and non-assessable to the extent permitted by law.

**19. Miscellaneous**

19.1 If the Optionee loses this Agreement representing the Option granted hereunder, or if this Agreement is stolen or destroyed, the Company shall, subject to such reasonable terms as to indemnity as the Committee, in its sole discretion shall require, enter into a new option agreement pursuant to which the Company shall issue a new Option, in form and substance identical to this Option, and in substitution for, the Option so lost, stolen or destroyed, and in the event this Agreement representing the Option shall be mutilated, the Company shall, upon the surrender hereof, enter into a new option agreement pursuant to which the Company shall issue a new Option, in form and substance identical to this Option, and in substitution for, the Option so mutilated.

19.2 This Agreement cannot be amended, supplemented or changed, and no provision hereof can be waived, except by a written instrument making specific reference to this Agreement and signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. A waiver of any right derived hereunder by the Optionee shall not be deemed a waiver of any other right derived hereunder.

19.3 This Agreement may be executed in any number of counterparts, but all counterparts will together constitute but one agreement.

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19.4 In the event of a conflict between the terms and conditions of this Agreement and the Plan, the terms and conditions of the Plan shall govern.

19.5 Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Optionee.

19.6 All Options and benefits provided under this Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

(Signature Page Follows)

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**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed in duplicate by its duly authorized representative and Optionee has executed this Agreement in duplicate as of the Date of Grant.

**CADRE HOLDINGS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

OPTIONEE:

\_\_\_\_\_  
«FirstName» «LastName»

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**CADRE HOLDINGS, INC.  
2021 STOCK INCENTIVE PLAN  
STOCK AWARD AGREEMENT**

**STOCK AWARD AGREEMENT** (the “Agreement”) made as of this «numberdate» day of «month», «year», by and between Cadre Holdings, Inc., a Delaware corporation, having its principal office at 13386 International Pkwy, Jacksonville, FL 32218 (the “Company”), and «FirstName» «LastName», an individual residing in «citystate» (the “Recipient”). Capitalized terms not defined herein shall have the meanings ascribed to them in the Company’s 2021 Stock Incentive Plan.

**WHEREAS**, the Company has heretofore adopted the Black Diamond, Inc. 2021 Stock Incentive Plan (the “Plan”) for the benefit of certain employees, officers, directors, consultants, independent contractors and advisors of the Company or Subsidiaries of the Company, which Plan has been approved by the Company’s stockholders; and the Recipient is a valued and trusted «employee / director» of the Company and/or one of its subsidiaries; and

**WHEREAS**, the Company believes it to be in the best interests of the Company to secure the future services of the Recipient by providing the Recipient with an inducement to remain an «employee / director» of the Company and/or one of its Subsidiaries through the grant of a stock grant in the Company.

**NOW, THEREFORE**, the parties agree as follows:

1. **Stock Award.** Subject to the provisions hereinafter set forth and the terms and conditions of the Plan, the Company hereby grants to the Recipient, as of «grantdate» (the “Grant Date”), a stock award, subject to the vesting schedule set forth below, of up to an aggregate of «amountofshares» shares (the “Grant Shares”) of common stock of the Company, par value \$0.0001 per share (the “Common Stock”), such number being subject to adjustment as provided in the Plan. As more fully described below, the Grant Shares granted hereby are subject to forfeiture by the Recipient if certain criteria are not satisfied.

2. **Vesting.**

(a) The Grant Shares shall vest and become non-forfeitable in accordance with the following schedule:

<u>Vesting Date</u>	<u>Earned Portion of Grant Shares</u>
«Vestingdate1»	«shares»
«Vestingdate2»	«shares1»
«Vestingdate3»	«shares2»
«Vestingdate4»	«Shares4»
«Vestingdate5»	«Shares5»

(b) Notwithstanding the vesting schedule set forth above, such vesting schedule may be accelerated by the Board of Directors or the Compensation Committee of the Board of Directors (the “Committee”) in their sole decision.

(c) Upon the vesting date the earned portion of the Grant Shares shall be issued to the Recipient in accordance with the Plan and the terms hereof including Section 3 below.

(d) If the Recipient is terminated by the Company or its Subsidiaries for Cause (as defined in the Plan), voluntarily terminates employment by the Company or its Subsidiaries or if Recipient’s service to the Company is Terminated because of death or Disability of Recipient, prior to the satisfaction of the vesting provisions set forth above, no further portion of the Grant Shares shall become vested pursuant to this Agreement and such unvested Grant Shares shall be forfeited effective as of the date that the Recipient ceases to be so employed by the Company.

(e) Nothing in the Plan or this Agreement shall confer on Recipient any right to continue in the employ of, or other relationship with, the Company or any Subsidiary of the Company, or limit in any way the right of the Company or any Affiliate or Subsidiary of the Company to terminate Recipient’s employment or other relationship at any time, with or without Cause. This Agreement does not constitute an employment contract. This Agreement does not guarantee employment for the length of time of the vesting schedule set forth above or for any portion thereof.

(f) Recipient understands that Recipient may suffer adverse tax consequences as a result of the grant, vesting or disposition of the Grant Shares. Recipient represents that Recipient has consulted with his or her own independent tax consultant(s) as Recipient deems advisable in connection with the grant, vesting or disposition of the Grant Shares and that Recipient is not relying on the Company for any tax advice.

3. **Issuance and Withholding.**

(a) Upon vesting, the Company shall issue the earned Grant Shares registered in the name of Recipient, Recipient’s authorized assignee, or Recipient’s legal representative, and shall deliver certificates representing the Grant Shares.

(b) Subject to Section 16 below, prior to the issuance of the Grant Shares, Recipient must pay or provide for any applicable federal or state withholding obligations of the Company.

4. **Compliance With Laws and Regulations.** The issuance and transfer of Grant Shares shall be subject to compliance by the Company and Recipient with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange or quotation system on which the Company’s Common Stock may be listed at the time of such issuance or transfer

5. **Non-transferability.** Until the Grant Shares shall be vested and issued and until the satisfaction of any and all other conditions specified herein, the Grant Shares may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of by the Recipient, other than by will or by the laws of descent and distribution, except upon the written consent of the Company and, in any case, in compliance with the terms and conditions of this Agreement. The terms of this stock award shall be binding upon the executors, administrators, successors and assigns of Recipient.

6. **Privileges of Stock Ownership.** Recipient shall not have any of the rights of a stockholder with respect to any Grant Shares until the Grant Shares are issued to Recipient.

7. **Interpretation.** Any dispute regarding the interpretation of this Agreement shall be submitted by Recipient or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Recipient.

8. **Entire Agreement.** The Plan is incorporated herein by reference. This Agreement and the Plan constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

9. **Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Recipient shall be in writing and addressed to Recipient at the address indicated above or to such other address as such party may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery; three (3) days after deposit in the United States mail by certified or registered mail (return receipt requested); one (1) business day after deposit with any return receipt express courier (prepaid); or one (1) business day after transmission by facsimile.

10. **Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Agreement shall be binding upon Recipient and Recipient's heirs, executors, administrators, legal representatives, successors and assigns.

11. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applicable to agreements made and to be performed entirely within such state, other than conflict of laws principles thereof directing the application of any law other than that of Delaware.

12. **Acceptance.** Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement. Recipient has read and understands the terms and provisions thereof, and accepts this stock award subject to all the terms and conditions of the Plan and this Agreement. Recipient acknowledges that there maybe adverse tax consequences upon the grant or the vesting of this stock award, issuance or disposition of the Grant Shares and that the Company has advised Recipient to consult a tax advisor regarding the tax consequences of the grant, vesting, issuance or disposition.

13. **Covenants of the Recipient** The Recipient agrees (and for any heir, executor, administrator, legal representative, successor, or assignee hereby agrees), as a condition upon the grant of the stock award hereunder:

(a) Upon the request of the Committee, to execute and deliver a certificate, in form satisfactory to the Committee, certifying that the Grant Shares being acquired pursuant to the vesting provisions set forth above are for such person's own account for investment only and not with any view to or present intention to resell or distribute the same. The Recipient hereby agrees that the Company shall have no obligation to deliver the Grant Shares unless and until such certificate shall be executed and delivered to the Company by the Recipient or any successor.

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(b) Upon the request of the Committee, to execute and deliver a certificate, in form satisfactory to the Committee, certifying that any subsequent resale or distribution of the Grant Shares by the Recipient shall be made only pursuant to either (i) a Registration Statement on an appropriate form under the Securities Act of 1933, as amended (the "Securities Act"), which Registration Statement has become effective and is current with regard to the Grant Shares being sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Recipient shall, prior to any offer of sale or sale of such Grant Shares, obtain a prior favorable written opinion of counsel, in form and substance satisfactory to counsel for the Company, as to the application of such exemption thereto. The foregoing restriction contained in this subparagraph (b) shall not apply to (i) issuances by the Company so long as the Grant Shares being issued are registered under the Securities Act and a prospectus in respect thereof is current, or (ii) re-offerings of the Grant Shares by Affiliates of the Company (as defined in Rule 405 or any successor rule or regulation promulgated under the Securities Act) if the Grant Shares being re-offered are registered under the Securities Act and a prospectus in respect thereof is current.

(c) That certificates evidencing Grant Shares being acquired pursuant to the vesting schedule set forth above shall bear a legend, in form satisfactory to counsel for the Company, manifesting the investment intent and resale restrictions of the Recipient described in this Section.

(d) That upon vesting of the Grant Shares pursuant to the vesting provisions set forth above, or upon sale of the Grant Shares, as the case may be, the Company shall have the right to require the Recipient to remit to the Company, or in lieu thereof, the Company may deduct, an amount of shares or cash sufficient to satisfy federal, state or local withholding tax requirements, if any, prior to the delivery of any certificate for such Grant Shares or thereafter, as appropriate.

14. **Obligations of the Company**

(a) Notwithstanding anything to the contrary contained herein, neither the Company nor its transfer agent shall be required to issue any fraction of a share of Common Stock, and the Company shall issue the largest number of whole Grant Shares of Common Stock to which Recipient is entitled and shall return to the Recipient the amount of any unissued fractional share in cash.

(b) The Company may endorse such legend or legends upon the certificates for Grant Shares issued to the Recipient pursuant to the Plan and may issue such "stop transfer" instructions to its transfer agent in respect of such Grant Shares as, in its discretion, it determines to be necessary or appropriate to: (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act; or (ii) implement the provisions of the Plan and any agreement between the Company and the Recipient or grantee with respect to such Grant Shares.

(c) The Company shall pay all issue or transfer taxes with respect to the issuance or transfer of Grant Shares to Recipient, as well as all fees and expenses necessarily incurred by the Company in connection with such issuance or transfer.

(d) All Grant Shares issued following vesting shall be fully paid and non-assessable to the extent permitted by law.

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15. **No Section 83(b) Election.** Recipient shall not file an election with the Internal Revenue Service under Section 83(b).

16. **Withholding Taxes.** The Recipient acknowledges that the Company is not responsible for the tax consequences to the Recipient of the granting, vesting or issuance of the Grant Shares, and that it is the responsibility of the Recipient to consult with the Recipient's personal tax advisor regarding all matters with respect to the tax consequences of the granting, vesting and issuance of the Grant Shares. The Company shall have the right to deduct from the Grant Shares or any payment to be made with respect to the

Grant Shares any amount that federal, state, local or foreign tax law requires to be withheld with respect to the Grant Shares or any such payment. Alternatively, the Company may require that the Recipient, prior to or simultaneously with the Company incurring any obligation to withhold any such amount, pay such amount to the Company in cash or in shares of the Company's Common Stock (including shares of Common Stock retained from the stock award creating the tax obligation), which shall be valued at the Fair Market Value of such shares on the date of such payment. In any case where it is determined that taxes are required to be withheld in connection with the issuance, transfer or delivery of the shares, the Company may reduce the number of shares so issued, transferred or delivered by such number of shares as the Company may deem appropriate to comply with such withholding. The Company may also impose such conditions on the payment of any withholding obligations as may be required to satisfy applicable regulatory requirements under the Exchange Act, if any.

17. **Miscellaneous**

- (a) If the Recipient loses this Agreement representing the stock award granted hereunder, or if this Agreement is stolen, damaged or destroyed, the Company shall, subject to such reasonable terms as to indemnity as the Committee, in its sole discretion shall require, replace the Agreement.
- (b) This Agreement cannot be amended, supplemented or changed, and no provision hereof can be waived, except by a written instrument making specific reference to this Agreement and signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. A waiver of any right derived hereunder by the Recipient shall not be deemed a waiver of any other right derived hereunder.
- (c) This Agreement may be executed in any number of counterparts, but all counterparts will together constitute but one agreement.
- (d) In the event of a conflict between the terms and conditions of this Agreement and the Plan, the terms and conditions of the Plan shall govern. All capitalized terms used herein but not defined shall have the meanings given to such terms in the Plan.
- (e) All Grant Shares and benefits provided under this Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed in duplicate by its duly authorized representative and Recipient has executed this Agreement in duplicate as of the Date of Grant.

**CADRE HOLDINGS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**RECIPIENT**

By: \_\_\_\_\_  
«FirstName» «LastName»

## INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this “*Agreement*”) is made as of \_\_\_\_\_, 2021, by and between Cadre Holdings, Inc., a Delaware corporation (the “*Company*”), and \_\_\_\_\_ (“*Indemnitee*”).

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of such corporations;

WHEREAS, the board of directors of the Company (the “*Board*”) has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities;

WHEREAS, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, the Amended and Restated Certificate of Incorporation (the “*Charter*”) and the Amended and Restated Bylaws (the “*Bylaws*”) of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the Delaware General Corporation Law (“*DGCL*”). The Charter, Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification, hold harmless, exoneration, advancement and reimbursement rights;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, hold harmless, exonerate and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so protected against liabilities;

WHEREAS, this Agreement is a supplement to and in furtherance of the Charter and Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee may not be willing to serve as an officer or director, advisor or in another capacity without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified; and

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

TERMS AND CONDITIONS

1. **SERVICES TO THE COMPANY** Indemnitee will serve or continue to serve as an officer, director, advisor, key employee or in any other capacity of the Company, as applicable, for so long as Indemnitee is duly elected or appointed or retained or until Indemnitee tenders Indemnitee’s resignation or until Indemnitee is removed. The foregoing notwithstanding, this Agreement shall continue in full force and effect after Indemnitee has ceased to serve as a director, officer, advisor, key employee or in any other capacity of the Company, in each case as provided in Section 17. This Agreement, however, shall not impose any obligation on Indemnitee or the Company to continue Indemnitee’s service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any.

2. **DEFINITIONS.** As used in this Agreement:

(a) “*agent*” shall mean any person who is or was a director, officer or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

(b) “*Beneficial Owner*” and “*Beneficial Ownership*” shall have the meanings set forth in Rule 13d-3 promulgated under the Exchange Act (as defined below) as in effect on the date hereof.

(c) “*Change in Control*” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of directors, unless (1) the change in the relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, or (2) such acquisition was approved in advance by the Continuing Directors (as defined below) and such acquisition would not constitute a Change in Control under part (iii) of this definition;

(ii) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board, and any new director whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two thirds of the directors then still in office who were directors on the date hereof or whose election for nomination for election was previously so approved (collectively, the “*Continuing Directors*”), cease for any reason to constitute at least a majority of the members of the Board;

(iii) **Corporate Transactions.** The effective date of a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, involving the Company and one or more businesses (a **“Business Combination”**), in each case, unless, following such Business Combination: (1) all or substantially all of the individuals and entities who were the Beneficial Owners of securities entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than 51% of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more Subsidiaries (as defined below)) in substantially the same proportions as their ownership immediately prior to such Business Combination, of the securities entitled to vote generally in the election of directors; (2) no Person (excluding any corporation resulting from such Business Combination) is the Beneficial Owner, directly or indirectly, of fifteen percent (15%) or more of the combined voting power of the then outstanding securities entitled to vote generally in the election of directors of the surviving corporation except to the extent that such ownership existed prior to the Business Combination; and (3) at least a majority of the Board of Directors of the corporation resulting from such Business Combination were Continuing Directors at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination;

(iv) **Liquidation.** The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company’s assets, other than factoring the Company’s current receivables or escrows due (or, if such stockholder approval is not required, the decision by the Board to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions); or

(v) **Other Events.** There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or any successor rule) (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

(d) **“Corporate Status”** describes the status of a person who is or was a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of the Company or of any other Enterprise (as defined below) which such person is or was serving at the request of the Company.

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(e) **“Delaware Court”** shall mean the Court of Chancery of the State of Delaware.

(f) **“Disinterested Director”** shall mean a director of the Company who is not and was not a party to the Proceeding (as defined below) in respect of which indemnification is sought by Indemnitee.

(g) **“Enterprise”** shall mean the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, manager, general partner, managing member, fiduciary, employee or agent.

(h) **“Exchange Act”** shall mean the Securities Exchange Act of 1934, as amended.

(i) **“Expenses”** shall include all direct and indirect costs, fees and expenses of any type or nature whatsoever, including, without limitation, all reasonable attorneys’ fees and costs, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, fees of private investigators and professional advisors, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fax transmission charges, secretarial services and all other disbursements, obligations or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settlement or appeal of, or otherwise participating in, a Proceeding (as defined below), including reasonable compensation for time spent by Indemnitee for which he or she is not otherwise compensated by the Company or any third party. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding (as defined below), including without limitation the principal, premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. “Expenses,” however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(j) **“fines”** shall include any excise tax assessed on Indemnitee with respect to any employee benefit plan;

(k) **“Independent Counsel”** shall mean a law firm or a member of a law firm with significant experience in matters of corporation law and that neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to the Proceeding (as defined below) giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

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(l) **“Person”** shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that “Person” shall exclude: (i) the Company; (ii) any Subsidiaries (as defined below) of the Company; (iii) any employment benefit plan of the Company or of a Subsidiary (as defined below) of the Company or of any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; and (iv) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary (as defined below) of the Company or of a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(m) **“Proceeding”** shall include any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative or related nature, in which Indemnitee was, is, will or might be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action (or failure to act) taken by Indemnitee or of any action (or failure to act) on Indemnitee’s part while acting as a director or officer of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

(n) **“serving at the request of the Company”** shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner **“not opposed to the best interests of the Company”** as referred to in this Agreement.

(o) “**Subsidiary**,” with respect to any Person, shall mean any corporation, limited liability company, partnership, joint venture, trust or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

3. **INDEMNITY IN THIRD-PARTY PROCEEDINGS.** To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Section 3 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee’s Corporate Status. Pursuant to this Section 3, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement) actually, and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that Indemnitee’s conduct was unlawful.

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4. **INDEMNITY IN PROCEEDINGS BY OR IN THE RIGHT OF THE COMPANY** To the fullest extent permitted by applicable law, the Company shall indemnify, hold harmless and exonerate Indemnitee in accordance with the provisions of this Section 4 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness, deponent or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee’s Corporate Status. Pursuant to this Section 4, Indemnitee shall be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification, hold harmless or exoneration for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought or the Delaware Court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification, to be held harmless or to exoneration.

5. **INDEMNIFICATION FOR EXPENSES OF A PARTY WHO IS WHOLLY OR PARTLY SUCCESSFUL** Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee was or is, by reason of Indemnitee’s Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with each successfully resolved claim, issue or matter. If Indemnitee is not wholly successful in such Proceeding, the Company also shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

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6. **INDEMNIFICATION FOR EXPENSES OF A WITNESS** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee’s Corporate Status, a witness or deponent in any Proceeding to which Indemnitee was or is not a party or threatened to be made a party, Indemnitee shall, to the fullest extent permitted by applicable law, be indemnified, held harmless and exonerated against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection therewith.

7. **ADDITIONAL INDEMNIFICATION, HOLD HARMLESS AND EXONERATION RIGHTS** Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall, to the fullest extent permitted by applicable law, indemnify, hold harmless and exonerate Indemnitee if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding. No indemnification, hold harmless or exoneration rights shall be available under this Section 7 on account of Indemnitee’s conduct which constitutes a breach of Indemnitee’s duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law.

8. **CONTRIBUTION IN THE EVENT OF JOINT LIABILITY.**

(a) To the fullest extent permissible under applicable law, if the indemnification, hold harmless and/or exoneration rights provided for in this Agreement are unavailable to Indemnitee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying, holding harmless or exonerating Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

(b) The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(c) The Company hereby agrees to fully indemnify, hold harmless and exonerate Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company other than Indemnitee who may be jointly liable with Indemnitee.

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9. **EXCLUSIONS.** Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification, advance expenses, hold harmless or exoneration payment in connection with any claim made against Indemnitee:

(a) for which payment has actually been received by or on behalf of Indemnitee under any insurance policy or other indemnity or advancement provision, except with respect to any excess beyond the amount actually received under any insurance policy, contract, agreement, other indemnity or advancement provision or otherwise;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (or any successor rule) or similar provisions of state statutory law or common law; or

(c) except as otherwise provided in Sections 14(f)-(g) hereof, prior to a Change in Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, hold harmless or exoneration payment, in its sole discretion, pursuant to the powers vested in the Company under applicable law. Indemnitee shall seek payments or advances from the Company only to the extent that such payments or advances are unavailable from any insurance policy of the Company covering Indemnitee.

#### 10. ADVANCES OF EXPENSES; DEFENSE OF CLAIM

(a) Notwithstanding any provision of this Agreement to the contrary, and to the fullest extent not prohibited by applicable law, the Company shall pay the Expenses incurred by Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, prior to the final disposition of any Proceeding. Advances shall, to the fullest extent permitted by law, be unsecured and interest free. Advances shall, to the fullest extent permitted by law, be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to be indemnified, held harmless or exonerated under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. To the fullest extent required by applicable law, such payments of Expenses in advance of the final disposition of the Proceeding shall be made only upon the Company's receipt of an undertaking, by or on behalf of Indemnitee, to repay the advanced amounts to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified, held harmless or exonerated by the Company under the provisions of this Agreement, the Charter, the Bylaws, applicable law or otherwise. This Section 10(a) shall not apply to any claim made by Indemnitee for which an indemnification, hold harmless or exoneration payment is excluded pursuant to Section 9.

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(b) The Company will be entitled to participate in the Proceeding at its own expense.

(c) The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, liability, fine, penalty or limitation on Indemnitee without Indemnitee's prior written consent.

#### 11. PROCEDURE FOR NOTIFICATION AND APPLICATION FOR INDEMNIFICATION.

(a) Indemnitee agrees to notify promptly the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding, claim, issue or matter therein which may be subject to indemnification, hold harmless or exoneration rights, or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement, or otherwise.

(b) Indemnitee may deliver to the Company a written application to indemnify, hold harmless or exonerate Indemnitee in accordance with this Agreement. Such application(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written application for indemnification by Indemnitee, Indemnitee's entitlement to indemnification shall be determined according to Section 12(a) of this Agreement.

#### 12. PROCEDURE UPON APPLICATION FOR INDEMNIFICATION.

(a) A determination, if required by applicable law, with respect to Indemnitee's entitlement to indemnification shall be made in the specific case by one of the following methods: (i) if no Change in Control has occurred (x) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (y) by a committee of Disinterested Directors, even though less than a quorum of the Board, or (z) if there are no Disinterested Directors, or if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control has occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby agrees to indemnify and to hold Indemnitee harmless therefrom.

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(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. If the Independent Counsel is selected by the Board, the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 11(b) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Delaware Court, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).



(c) The Company agrees to pay the reasonable fees and expenses of Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

### 13. PRESUMPTIONS AND EFFECT OF CERTAIN PROCEEDINGS

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(b) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by the Disinterested Directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by the Disinterested Directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

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(b) If the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent permitted by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, managers, or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member of the Enterprise, or on information or records given or reports made to the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member of the Enterprise, by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise, its Board, any committee of the Board or any director, trustee, general partner, manager or managing member. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, manager, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

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### 14. REMEDIES OF INDEMNITEE.

(a) In the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6, 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) a contribution payment is not made in a timely manner pursuant to Section 8 of this Agreement, (vi) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vii) payment to Indemnitee pursuant to any hold harmless or exoneration rights under this Agreement or otherwise is not made in accordance with this Agreement, Indemnitee shall be entitled to an adjudication by the Delaware Court to such indemnification, hold harmless, exoneration, contribution or advancement rights. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination.

(c) In any judicial proceeding or arbitration commenced pursuant to this Section 14, Indemnitee shall be presumed to be entitled to be indemnified, held harmless, and exonerated and to receive advancement of Expenses under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to be indemnified, held harmless, and exonerated and to receive advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 12(a) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 14, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 10 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(d) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

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(e) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(f) The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten (10) days after the Company's receipt of such written request) pay to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee: (i) to enforce his or her rights under, or to recover damages for breach of, this Agreement or any other indemnification, hold harmless, exoneration, advancement or contribution agreement or provision of the Charter, or the Bylaws now or hereafter in effect; or (ii) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of the outcome and whether Indemnitee ultimately is determined to be entitled to such indemnification, hold harmless or exoneration right, advancement, contribution or insurance recovery, as the case may be (unless such judicial proceeding or arbitration was not brought by Indemnitee in good faith).

(g) Interest shall be paid by the Company to Indemnitee at the legal rate under Delaware law for amounts which the Company indemnifies, holds harmless or exonerates, or advances, or is obliged to indemnify, hold harmless or exonerate or advance for the period commencing with the date on which Indemnitee requests indemnification, to be held harmless, exonerated, contribution, reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

15. **SECURITY.** Notwithstanding anything herein to the contrary, to the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

16. **NON-EXCLUSIVITY; SURVIVAL OF RIGHTS; INSURANCE; SUBROGATION.**

(a) The rights of Indemnitee as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any Proceeding (regardless of when such Proceeding is first threatened, commenced or completed) or claim, issue or matter therein arising out of, or related to, any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification, hold harmless or exoneration rights or advancement of Expenses than would be afforded currently under the Charter, the Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

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(b) The DGCL, the Charter and the Bylaws permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond ("**Indemnification Arrangements**") on behalf of Indemnitee against any liability asserted against Indemnitee or incurred by or on behalf of Indemnitee or in such capacity as a director, officer, employee or agent of the Company, or arising out of Indemnitee's status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement or under the DGCL, as it may then be in effect. The purchase, establishment, and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managers, managing members, fiduciaries, employees, or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managers, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness, deponent or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Company, to the fullest extent permitted by law, shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Company's obligation to indemnify, hold harmless, exonerate or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification, hold harmless or exoneration payments or advancement of expenses from such Enterprise. Notwithstanding any other provision of this Agreement to the contrary, (i) Indemnitee shall have no obligation to reduce, offset, allocate, pursue or apportion any indemnification, hold harmless, exoneration, advancement, contribution or insurance coverage among multiple parties possessing such duties to Indemnitee prior to the Company's satisfaction and performance of all its obligations under this Agreement, and (ii) the Company shall perform fully its obligations under this Agreement without regard to whether Indemnitee holds, may pursue or has pursued any indemnification, advancement, hold harmless, exoneration, contribution or insurance coverage rights against any person or entity other than the Company.

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17. **DURATION OF AGREEMENT.** All agreements and obligations of the Company contained herein shall continue during the period Indemnitee serves as a director or officer of the Company or as a director, officer, trustee, partner, manager, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee serves at the request of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement) by reason of Indemnitee's Corporate Status, whether or not Indemnitee is acting in any such capacity at the time any liability or expense is incurred for which indemnification or advancement can be provided under this Agreement.

18. **SEVERABILITY.** If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this

Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

19. **ENFORCEMENT AND BINDING EFFECT.**

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer or key employee of the Company.

(b) Without limiting any of the rights of Indemnitee under the Charter or Bylaws as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

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(c) The indemnification, hold harmless, exoneration and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, officer, trustee, general partner, manager, managing member, fiduciary, employee or agent of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(d) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may, to the fullest extent permitted by law, enforce this Agreement by seeking, among other things, injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. The Company and Indemnitee further agree that Indemnitee shall, to the fullest extent permitted by law, be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court of competent jurisdiction. The Company hereby waives any such requirement of such a bond or undertaking to the fullest extent permitted by law.

20. **MODIFICATION AND WAIVER.** No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the Company and Indemnitee. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

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21. **NOTICES.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(b) If to the Company, to:

Cadre Holdings, Inc.  
13386 International Parkway  
Jacksonville, FL 32218  
Attention: Blaine Browers

With a copy, which shall not constitute notice, to

Kane Kessler, P.C.  
600 Third Avenue, 35<sup>th</sup> Floor  
New York, NY 10016  
Attention: Robert L. Lawrence, Esq.

or to any other address as may have been furnished to Indemnitee in writing by the Company.

22. **APPLICABLE LAW AND CONSENT TO JURISDICTION.** This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, to the fullest extent permitted by law, the Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States of America or any court in any other country; (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement; (c) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court; and (d) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum, or is subject (in whole or in part) to a jury trial. To the fullest extent permitted by law, the parties hereby agree that the mailing of process and other papers in connection with any such action or proceeding in the manner provided by Section 21 or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

23. **IDENTICAL COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an

original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. **MISCELLANEOUS.** Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

25. **PERIOD OF LIMITATIONS.** No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to any such cause of action such shorter period shall govern.

26. **ADDITIONAL ACTS.** If for the validation of any of the provisions in this Agreement any act, resolution, approval or other procedure is required to the fullest extent permitted by law, the Company undertakes to cause such act, resolution, approval or other procedure to be affected or adopted in a manner that will enable the Company to fulfill its obligations under this Agreement.

27. **MAINTENANCE OF INSURANCE.** The Company shall use commercially reasonable efforts to obtain and maintain in effect during the entire period for which the Company is obligated to indemnify the Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the officers/directors of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. The Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director or officer under such policy or policies. In all such insurance policies, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Indemnity Agreement to be signed as of the day and year first above written.

CADRE HOLDINGS, INC.

By: \_\_\_\_\_  
Name:  
Title:

INDEMNITEE

By: \_\_\_\_\_  
Name:  
Address:

*[Signature Page to Indemnity Agreement]*

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**EMPLOYMENT AGREEMENT**

This Employment Agreement (the "Agreement"), dated as of July 9, 2021, is entered into between **Cadre Holdings, Inc.**, a Delaware corporation (the "Company") and **Warren B. Kanders** (the "Employee").

**W I T N E S S E T H :**

**WHEREAS**, each of the Company and its subsidiaries, including Safariland, LLC, desires to continue to employ the Employee as Chief Executive Officer and Executive Chairman of the Board of the Company and to be assured of his services on the terms and conditions hereinafter set forth; and

**WHEREAS**, the Employee is willing to continue to be employed as Chief Executive Officer and Executive Chairman of the Board of the Company on such terms and conditions; and

**WHEREAS**, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") and the Company's Board of Directors (the "Board"), at meetings duly called and held, have each authorized and approved the execution and delivery of this Agreement by the Company.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement, the Company and the Employee hereby agree as follows:

**1. EMPLOYMENT.** The Company hereby continues to employ the Employee as the Chief Executive Officer and Executive Chairman of the Board of the Company, and the Employee accepts such continued employment, upon the terms and subject to the conditions set forth in this Agreement. The Employee's office shall be located in Palm Beach, Florida or such other location as the Employee shall determine.

**2. TERM.** The term of this Agreement shall commence and be effective only upon the closing of the Company's initial public offering of shares of its common stock provided that Employee remains in the employ of the Company and this Agreement has not been terminated as of such date (the "Commencement Date"), and shall terminate on the fifth anniversary of the Commencement Date (the "Term"), subject to earlier termination as provided herein. This Agreement shall automatically terminate prior to the Commencement Date (x) if the Employee is not employed by the Company at any time between the date hereof and the Commencement Date, or (y) if the Company does not complete its initial public offering on or before September 30, 2021.

**3. DUTIES.** During the Term of this Agreement, the Employee shall serve as Chief Executive Officer and Executive Chairman of the Board of the Company and shall, under the control of the Board, perform all customary duties commensurate with his position and as may be assigned to him by the Board, consistent with past practice. In addition, during the Term of this Agreement, Employee shall (x) lead the Board in establishing the strategy and overall objectives of the Company and in reviewing the performance of the Company's management in, among other things, pursuing such strategy and achieving such objectives, and (y) act as Chairman of the Board at meetings of the Board and of the stockholders of the Company. The Employee shall devote such amount of his time and energies as he shall deem reasonably necessary to the business and affairs of the Company to fulfill his duties hereunder. Assigned duties may not unreasonably increase the demands upon his time or energies, cannot be inconsistent with the position(s) he serves for the Company, and the Company acknowledges that Employee's services hereunder shall not require the full time and attention of the Employee. During his working hours, Employee shall use his best efforts, skills and abilities to promote the interests of the Company and perform the duties of his position. Notwithstanding the foregoing, it is understood and agreed that (a) the Employee from time to time may (i) be appointed to additional offices or to different offices than those set forth above (including, without limitation, additional offices with any affiliate of the Company), (ii) perform such duties other than those set forth above, and/or (iii) relinquish one or more of such offices or other duties, in each instance of this clause (a) as may be mutually agreed to by and between the Company and the Employee, and that no such action shall be deemed or construed to otherwise amend or modify any of the remaining terms or conditions of this Agreement; and without limiting the foregoing, (b) nothing contained in this Section 3 shall preclude Employee from (i) serving as an officer, director or in a similar capacity of any other company in which he currently serves as such (the "Existing Positions"), (ii) serving on the board of directors or in a similar capacity in any other public company, as long as such other company does not directly compete with any principal product line of the Company; namely, any product that accounts for at least five (5%) percent of the consolidated net sales of any of the Company's product lines; provided that the Employee will not be restricted from serving on the board of directors or in a similar capacity of any affiliate of the Company or any affiliate of any company of which he serves in an Existing Position, (iii) serving on the board of directors of, or working for, any charitable or community organization, (iv) delivering lectures, fulfilling speaking engagements or teaching at educational institutions or (v) otherwise pursuing and managing his personal financial and legal affairs, so long as such activities set forth in clause (b) above, individually or collectively, do not violate applicable law, do not significantly interfere with the performance of Employee's duties hereunder or violate any of the provisions of Section 8 hereof.

**4. COMPENSATION AND BENEFITS.**

(a) **Base Compensation.** During the Term, the Company shall pay to the Employee, and the Employee shall accept from the Company, as compensation for the performance of services under this Agreement and the Employee's observance and performance of all of the provisions hereof, a salary of \$1,250,000 per year (as may be adjusted from time to time pursuant to this Section 4(a), the "Base Compensation"). During the Term, the Compensation Committee shall review Employee's Base Compensation (i) on an annual basis based on the performance of Employee and the Company, and (ii) upon a significant change in the business of the Company, as determined in the sole discretion of the Compensation Committee. The Employee's Base Compensation shall be payable in accordance with the normal payroll practices of the Company and shall be subject to withholding for applicable taxes and other amounts.

(b) **Bonuses.** In addition to any other bonus(es), whether based on performance, operations or otherwise, that the Compensation Committee may award to Employee in its sole discretion, the Company shall provide Employee with a minimum cash bonus of 100% of Base Compensation in each year of the Term so long as the Company achieves the Company's target for earnings before interest, taxes, depreciation and amortization, as computed by the Company on a consistent basis ("EBITDA") for such year as reflected in the annual budget approved by the Board (the "Annual Bonus"). In the sole discretion of the Compensation Committee and the Board of Directors, any Annual Bonus may be increased based on performance to a target level of 200% of Base Compensation; provided that nothing herein shall limit the discretion of the Compensation Committee and the Board of Directors to further adjust the Annual Bonus based upon performance. For purposes of this Section 4(b), any Annual Bonus payable to the Employee shall be paid no later than 2½ months after the end of the fiscal year in question during the Term.

(c) **Stock Options; Restricted Stock.**

(i) **Generally.** The Employee shall also be entitled to participate, at the sole and absolute discretion of the Compensation Committee, in the Company's 2021 Stock Incentive Plan, or such other stock incentive plan as the Company may have in effect from time to time (the "Stock Incentive Plan"). Such participation and awards

shall be based upon, among other things, the Employee's performance and the Company's performance, all as determined by the Compensation Committee. In addition, the Employee may be entitled, during the Term of this Agreement, to receive additional options, restricted stock and Stock Bonus Awards at such prices and other terms, and/or to participate in such other bonus plans, whether during the term of this Agreement or upon termination pursuant to Section 10 hereof, as the Compensation Committee may, in its sole and absolute discretion, determine.

(ii) Grants Effected Hereby. Furthermore, and without limiting the foregoing, on the Commencement Date, the Company shall issue to the Employee 2,000,000 restricted shares of Common Stock (the "Restricted Stock"), which shall be subject to the vesting and lapse of restrictions on such Restricted Stock based on the timing set forth below:

(A) The Restricted Stock shall vest upon the achievement of a closing price of at least \$40.00 per share of Common Stock on the New York Stock Exchange or other national or regional stock exchange on which such securities are then listed for a period of twenty (20) consecutive trading days;

(B) Any shares not vested based on the foregoing closing share price of Common Stock prior to the tenth anniversary of the Commencement Date shall be forfeited and be null and void; and

(C) The vesting, and/or forfeiture, of the Restricted Stock, may be accelerated in accordance with the terms of this Agreement.

The terms and provisions of the Restricted Stock shall be set forth in a restricted stock agreement in form and substance satisfactory to the Company.

(iii) Availability. The Company shall use its commercially reasonable efforts to keep the requisite number of options and shares of Common Stock available under the Stock Incentive Plan to fulfill the grants and options referenced herein.

(d) Medical and Fringe Benefits. During the Term, the Employee shall be entitled to participate in or benefit from, in accordance with the eligibility and other provisions thereof, the Company's medical insurance and other fringe benefit plans or policies as the Company may make available to, or have in effect for, its personnel with commensurate duties from time to time. The Company retains the right to terminate or alter any such plans or policies from time to time. The Employee shall also be entitled to four weeks paid vacation each year, sick leave and other similar benefits in accordance with policies of the Company from time to time in effect for personnel with commensurate duties, and furthermore (without limiting the foregoing), Employee shall be entitled to observe, with pay, all religious holidays historically observed by Employee. In addition, during the Term, Employee shall receive, at the Company's expense (which shall also include any federal or state income tax attributable to such perquisite): (i) the assistance of the Company's tax advisors in regard to personal tax planning and preparing personal income tax returns; and (ii) a split-dollar life insurance policy, or equivalent, on the Employee in the amount of \$10,000,000 payable to such beneficiaries as Employee shall select.

(e) Security; Use of Company Aircraft. The Company agrees to retain or otherwise make available armed security personnel ("Security") or other means reasonably satisfactory to Employee in order to ensure the security of Employee, including Employee's family and property, whether at business facilities, at home or other non-business locations and during business or personal travel. For additional security purposes, during the Term, so long as the Company (or one of its subsidiaries) owns an interest in, leases or otherwise has a right to use, a private jet aircraft, the Employee shall use such aircraft for business purposes, and upon reasonable notice, and provided that such aircraft is not required at such times for business purposes, the Company will make available such aircraft to Employee and his family for up to one hundred (100) flight hours per year for his and his family's personal use, in each case at no cost to the Employee other than any applicable personal income taxes payable in connection therewith. If private aircraft is not reasonably available, Employee shall be entitled to first class air travel for business travel, at no cost to Employee. An amount equal to the related benefit of such personal use of the aircraft will be included in Employee's taxable income as required pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and related regulations.

(f) D & O Insurance. The Company agrees that for six (6) years and one (1) business day after the expiration or earlier termination of the Term, the Company shall obtain and provide at its expense directors' and officers' liability insurance or directors' and officers' liability tail insurance policies covering Employee with respect to acts or omissions occurring during his employment with the Company with coverage and amounts (including with respect to the payment of attorneys' fees) equal to or greater than those of the Company's policy in effect on the date of such expiration or termination.

(g) Cash Payments Upon Change in Control, Without Cause, Death or Disability Termination. Upon the occurrence of a change in control (hereinafter defined), the Employee shall have the right to terminate this Agreement at any time prior to the two (2) year anniversary of any change in control; provided, however, that if requested to do so by the Company, the Employee shall provide consulting services to the Company for transition purposes for a period of six months following the effective date of such change in control and his termination of this Agreement, and the Company shall pay consulting fees to the Employee for such six month period in an amount equal to the compensation he would have otherwise received under this Agreement had it been in effect for such six month period. Upon the termination of this Agreement by the Employee or the Company or its successors or assigns within two years following the occurrence of a change in control (other than a termination by the Company for Cause (hereinafter defined) during such period), due to Employee's death, by the Company due to Employee's Disability (hereinafter defined), by the Company without Cause, by the Employee for Good Reason (hereinafter defined), or if the Company, or its applicable successors and assigns, does not offer to renew this Agreement upon expiration of the Term on substantially similar terms (provided Employee is no longer employed by the Company) (each a "Section 4(g) Termination"), the Employee, or his duly appointed representative in the case of death or Disability as may be the case, shall be entitled to receive by wire transfer of immediately available funds, in one lump sum, no later than thirty (30) days following the date of termination: (a) three times the sum of (i) the Employee's highest annual Base Compensation, plus (ii) the Annual Bonus for such year, in each case since January 1, 2019; plus (b) the amount, if any, of any accrued Annual Bonus; however, if Employee is terminated without Cause or Employee terminates this Agreement for Good Reason, any accrued Annual Bonus shall be payable only to the extent that the applicable performance targets for the year of termination are actually achieved; plus (c) except in the case of Employee's death or Disability, five times the greatest annual amount of the full cost of maintaining his principal office in Palm Beach, Florida or such other location as the Employee has maintained previously or may determine to maintain in the future, including, without limitation, costs for rent, utilities, secretarial services, information services, transportation services and similar office-related expenses consistent with prior reimbursements to the Employee or an affiliate of the Employee, during the immediately previous three (3) years (the "Office Expense Reimbursement"). Upon the termination of this Agreement by the Company pursuant to Section 10(c) hereof, or by Employee (except for Good Reason or upon his death or Disability), the Employee shall be entitled to receive by wire transfer of immediately available funds, in one lump sum, within 5 business days of such termination, any then-accrued and unpaid portion of the Base Compensation. For purposes of this Agreement, each payment referred to in this Section 4(g) shall be a "Termination Payment". Any Termination Payment shall be subject to withholding for applicable taxes and other amounts. For purposes of this Agreement, a non-renewal of this Agreement shall not be deemed to have occurred if the Company offers the Employee to renew this Agreement upon the same terms and conditions set forth herein and the Employee rejects such offer. For purposes of this Agreement, a "change in control" of the Company shall be deemed to have occurred in the event that: (i) individuals who, as of the date hereof, constitute the Board cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Board shall be considered as though such individual was a member of the Board as of the date hereof; (ii) the Company shall have been sold by either (A) a sale of all or substantially all its assets or the stockholders of the Company approve a plan of complete liquidation, or (B) a merger or consolidation, other than any merger or consolidation pursuant to which the Company acquires another entity, or (C) a tender offer, whether solicited or unsolicited; or (iii) any party, other

than the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of voting securities of the Company representing forty (40%) percent or more of the total voting power of all the then-outstanding voting securities of the Company.

(h) Additional Termination Benefits. In the event of a Section 4(g) Termination, the following shall occur, and be provided or made available to Employee as applicable, at the times specified below.

(i) (A) All of Employee's benefits accrued under any employee pension, retirement, savings and deferred compensation plans of the Company shall become vested in full upon the date of such Section 4(g) Termination (other than with respect to unvested stock options, restricted stock and other equity or equity-based awards, the terms of which are separately addressed in the next succeeding clause); provided, however, that to the extent such accelerated vesting of benefits cannot be provided under one or more of such plans consistent with applicable provisions of the Code, such benefits shall be paid to Employee in a lump sum within 10 days after termination of employment outside the applicable plan to the extent permitted by Section 409A of the Code; (B) any and all unvested stock options, restricted stock and other equity or equity-based awards (including, but not limited to, the Restricted Stock) shall immediately vest as of the date of such Section 4(g) Termination; and (C) amounts which are vested or which Employee is otherwise entitled to receive under the terms of or in accordance with any plan, policy, practice or program of, or any contract or agreement with, the Company or any of its subsidiaries, at or subsequent to the date of his termination without regard to the performance by Employee of further services or the resolution of a contingency shall be payable in accordance with the terms of the plan, policy, practice, program, contract or agreement under which such benefits have been awarded or accrued. Furthermore, and notwithstanding anything to the contrary otherwise herein provided, the benefits set forth in clause (C), which are applicable to Employee, shall also be payable to Employee in the event he is terminated for Cause, or if Employee terminates this Agreement without Good Reason.

(ii) Employee (and his dependents, if any) will be entitled to continue participation in all of the Company's medical, dental and vision care plans (the "Health Benefit Plans"), for the period for which the Employee could elect COBRA continuation coverage under the Company's Health Benefit Plans as a result of his termination of employment; provided that Employee's participation in the Company's Health Benefit Plans shall cease on any earlier date that Employee (and his dependents, if any) becomes eligible for comparable benefits from a subsequent employer. Employee's participation in the Health Benefit Plans will be on the same terms and conditions (including, without limitation, any contributions that would be required from Employee) that would apply to other similarly situated former employees of the Company; provided that the Company shall reimburse Employee an amount equal to Employee's monthly COBRA cost for the period for which Employee elects COBRA continuation coverage under the Company's Health Benefit Plans as a result of his termination of employment. To the extent any such benefits cannot be provided under the terms of the applicable plan, policy or program, the Company shall provide a comparable benefit under another plan or from the Company's general assets. In addition, except in the case of termination due to death, Employee will be entitled to receive a cash payment in a lump sum within ten (10) days after termination of employment, or, if, on the date of such termination of employment, the Employee is a "specified employee" within the meaning of Section 409A of the Code ("Section 409A"), on the day after the expiration of six (6) months following such termination of employment. The amount of such payment shall be the actuarially determined value of the cost of coverage under the Company's medical, dental and vision care plans for a period equal to the difference between thirty-six (36) months and the period for which the Employee could elect COBRA continuation coverage under such plans.

(iii) Employee will be entitled to continued personal use of the Company owned or leased aircraft, not to exceed one hundred (100) hours in any calendar year, at the Company's sole cost and expense until the third (3<sup>rd</sup>) anniversary of Employee's termination of employment; provided, that, at Employee's option, in lieu of the foregoing use of the aircraft, Employee will be entitled to purchase any Company-owned aircraft from the Company within seventy-five (75) days of Employee's termination of employment at its depreciated book value for federal income tax purposes as of the time of such termination of employment. Notwithstanding the foregoing, if Employee is a "specified employee" within the meaning of Section 409A at the time of his termination of employment, the Employee may not use the Company's aircraft during the six-month period beginning on the date of such termination of employment.

(iv) Employee will have the right to have the Company's (or applicable subsidiary's) office lease located in Palm Beach, Florida (or such other place as it may then be located) that is used by Employee assigned to Employee, and the Company will pay the lease payments (including any amounts as additional rent, utilities, taxes, common charges and the like) for a period of five years from the date of such termination. Employee shall have the right to purchase any fixed assets in connection therewith (including but not limited to automobiles) that Employee enjoyed the use of during the Term at such assets' depreciated book value for federal income tax purposes as of the time of such termination of employment.

(i) Accelerated Vesting. Notwithstanding anything to the contrary otherwise herein provided, in the event of any Section 4(g) Termination, except as set forth herein, all grants of stock options and Common Stock granted to the Employee pursuant to Section 4 hereof or otherwise (including, but not limited to, the Restricted Stock) shall vest and become immediately exercisable and saleable and any lock-up provisions applicable thereto, or to any options granted to the Employee, shall terminate.

(j) Termination of Unvested Stock. In the event that this Agreement is terminated by the Company with cause pursuant to Section 10(c) hereof prior to the expiration of the Term, or by the Employee unless such termination constitutes a Section 4(g) Termination, all unvested grants of stock options and Common Stock granted to the Employee pursuant to Section 4 hereof or otherwise (including, but not limited to, the Restricted Stock) shall terminate and be null and void.

(k) Key Man Life Insurance. The Employee acknowledges that during the Term the Company may, in the Company's discretion, seek to obtain a key man life insurance policy on his life with the Company as the named beneficiary in an amount to be determined by the Board up to a maximum amount of \$10 million. If requested by the Company, the Employee hereby agrees to provide such information and to submit to such medical examinations and otherwise use his best efforts to cooperate as may be required to assist the Company in obtaining such policy.

**5. REIMBURSEMENT OF BUSINESS EXPENSES.** Without limiting any of the other terms in this Agreement with respect to reimbursement and/or expenses for the benefit of Employee, during the term of this Agreement, upon submission of proper invoices, receipts or other supporting documentation satisfactory to the Company and in specific accordance with such guidelines as may be established from time to time by the Board, the Employee shall be reimbursed by the Company for all reasonable business expenses actually and necessarily incurred by the Employee on behalf of the Company in connection with the performance of services under this Agreement, including, without limitation, the Office Expense Reimbursement to the Employee or his affiliate. In addition, the Company shall provide the Employee with a non-accountable supplemental expense reimbursement allowance equal to 7.5% of the Base Compensation of the Employee per year for each year during the Term.

**6. REPRESENTATIONS OF EMPLOYEE** The Employee represents and warrants that he is not party to, or bound by, any agreement or commitment, or subject to any restriction, including but not limited to agreements related to previous employment containing confidentiality or noncompete covenants, which in the future may

have a possibility of adversely affecting the business of the Company or the performance by the Employee of his duties under this Agreement. The Employee further represents and warrants that he is not aware of any criminal activity or a violation of Company policy by any employee or agent of the Company that has not been disclosed to the Company, and covenants and agrees that upon his obtaining any such information, the Employee shall promptly disclose such information to a responsible officer of the Company and to the Company's outside counsel as set forth in Section 12(f)(ii) hereof.

**7. CONFIDENTIALITY; INTELLECTUAL PROPERTY.** For purposes of this Section 7, all references to the Company shall be deemed to include all of the Company's affiliates and subsidiaries.

(a) Confidential Information. The Employee acknowledges that as a result of his employment with the Company, the Employee has and will continue to have knowledge of, and access to, proprietary and confidential information of the Company (in written, graphic, oral and/or other forms, and in electronic, magnetic, paper and other media), including, without limitation, information regarding the Company's assets, properties, business, plans, strategies, operations, business and product development, including without limitation, acquisitions and new lines of business, trade secrets, novel ideas, inventions, know-how, customers, business affiliates, techniques, training materials, algorithms, computer programs (including source code and object code), designs, formulas, test plans, data, analyses and results, services, costs, finances, financial statements and projections, financial and marketing information, markets, sales, vendors, suppliers, personnel, pricing policies, plans for future developments, acquisition or disposition strategies, specifications, technology, research and development, and other similar information in respect of the Company (collectively, the "Confidential Information"), and that such information, even though it may be contributed to, developed or acquired by the Employee, constitutes valuable, special and unique assets of the Company developed at great expense, which are the exclusive property of the Company. Accordingly, the Employee shall not, at any time, either during or subsequent to the term of his employment with the Company, use (whether for personal gain or otherwise), reveal, report, publish, transfer or otherwise disclose to any person, corporation or other entity, any of the Confidential Information without the prior written consent of the Company, except to responsible officers and employees of the Company and other responsible persons who are in a contractual or fiduciary relationship with the Company who have a need for such information for purposes in the best interests of the Company, and except (i) for such information which is or becomes of general public knowledge from authorized sources other than the Employee, or (ii) as may be required by law, regulation, legal proceeding or court order. The Employee acknowledges that the Company would not enter into this Agreement without the assurance that all such Confidential Information will be used for the exclusive benefit of the Company.

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(b) Return of Confidential Information. Confidential Information or other information relating to the Company's business or products which come into the possession of the Employee shall remain the sole property of the Company, and shall not be copied, photocopied, reprinted or otherwise reproduced or disseminated by the Employee except in the performance of his duties as an employee of the Company and then only at the direction of the Company. Upon the earlier of the Company's request therefor, or the termination of the Employee's employment by the Company, the Employee shall return to the Company all such information, and all copies, facsimiles, replicas, photocopies, and reproductions of them.

(c) Applicable Law. Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret (as defined in section 1839 of title 18, United States Code) that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if Employee (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except as permitted by court order.

(d) Intellectual Property. (i) Employee expressly agrees that any products, works of authorship, deliverables, designs, processes, drawings or inventions created by him during the Term, at the request or on behalf of the Company (the "Materials"), shall be the property of the Company. The Company shall own all right, title and interest in and to the Materials, and all additions to, deletions from, alterations of or revisions to, and each part thereof, including all tools and work in progress with respect thereto, and all other materials provided to Employee by or at the expense of the Company. Without limiting the foregoing, Employee hereby acknowledges that his work and services for the Company and all results thereof are "works made for hire" for the Company as that term is defined by the Copyright Act of 1976, as amended (the "Copyright Act"), and the Company shall own all right, title and interest therein. The Company shall be considered the author of the Materials for purposes of copyright and shall own all the rights in and to the copyright to the Materials, and, as between Employee and the Company, only the Company shall have the right to obtain copyright registration of the Materials which the Company may do in its name, its trade name or the name of its nominee. The Company shall have the sole and exclusive rights to do and authorize any and all of the acts set forth in Section 106 of the Copyright Act with respect to the Materials and any derivatives thereof, and to secure any extensions or renewals of such copyrights. Employee retains no rights to the Materials and agrees not to challenge the validity of the Company's ownership of the Materials.

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(ii) To the extent that the Materials are determined by a court of competent jurisdiction or the Register of Copyrights not to be a work made for hire and/or for purposes of ownership of any inventions or patent rights in and to the Materials, Employee hereby irrevocably assigns, transfers, releases and conveys to the Company all right, title and interest (including all patent, copyright, trade secret and trademark rights) of Employee in and to the Materials. The rights hereby conveyed to the Company hereunder include without limitation all rights to any and all inventions relating to or described in the Materials. Employee further agrees to execute (and to cause its principals, employees and agents to execute) any and all documents deemed necessary or appropriate by the Company to effectuate a complete transfer of ownership of all rights in the Materials to the Company throughout the world.

(iii) The Employee will promptly disclose to the Company all Materials conceived, developed or acquired by him alone or with others during the term of his employment with the Company, whether or not conceived during regular working hours, through the use of Company time, material or facilities or otherwise. Without limiting the scope of this Section 7, all such Materials shall be the sole and exclusive property of the Company, and upon the Company's request, the Employee shall deliver to the Company all drawings, models and other data and records relating to such Materials. In the event any such Materials shall be deemed by the Company to be patentable or copyrightable, the Employee shall, at the expense of the Company, assist the Company in obtaining any patents or copyrights thereon and execute all documents and do all other things necessary or proper to obtain letters patent and copyright registrations and to vest the Company with full title thereto.

(iv) The Employee irrevocably designates and appoints the Company and each of its duly authorized officers or agents, individually, as his agent and attorney-in-fact, to act for and in his behalf and stead to execute and file any such document and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights, or other rights or protection with the same force and effect as if executed and delivered by the Employee.

**8. NON-COMPETITION.** For purposes of this Section 8, all references to the Company shall be deemed to include all of the Company's subsidiaries. The Employee will not utilize his special knowledge of the business of the Company and his relationships with customers, suppliers of the Company and others to compete with the Company as hereinafter set forth. During his employment by the Company and for a period of (a) eighteen months after the expiration of this Agreement without renewal or (b) three years after the termination of this Agreement for any reason (the "Restricted Period"), the Employee shall not engage, directly or indirectly, or have an interest, directly or indirectly, anywhere in the United States of America or any other geographic area where the Company does business or in which its products or services are marketed, alone or in association with others, as principal, officer, agent, employee, director, partner or stockholder (except with respect to his employment by the Company), or through the



investment of capital, lending of money or property, rendering of services or otherwise, in any business which directly competes with any principal product line of the Company; namely, any product that accounts for at least five (5%) percent of the consolidated net sales of any of the Company's product lines. Notwithstanding anything to the contrary otherwise herein provided, Employee's ownership of 5% or less of the stock of any company shall not be deemed a violation of this Section 8, and furthermore, Employee may (y) manage, operate, be employed by, participate in, or provide services to a company that engages in such restricted activities if Employee does not personally participate or advise as to such restricted activities and Employee's involvement within such company is limited to business units that do not engage in such activities; and (z) own (or hold a direct or indirect ownership interest in), manage, operate, control, be employed by, participate in or, provide services or financial assistance to any company or business that he is permitted during the Term, pursuant to this Agreement or otherwise, to own (or hold a direct or indirect ownership interest in), manage, operate, control, be employed by, participate in or, provide services or financial assistance to. Notwithstanding anything to the contrary otherwise herein provided, Employee shall not be subject to any obligations under this Section 8 following the termination of this Agreement if the Agreement is terminated pursuant to a Section 4(g) Termination.

**9. REMEDIES.** The restrictions set forth in Sections 7 and 8 are considered by the parties to be fair and reasonable. The Employee acknowledges that the restrictions contained in Sections 7 and 8 will not prevent him from earning a livelihood. The Employee further acknowledges that the Company would be irreparably harmed and that monetary damages would not provide an adequate remedy in the event of a breach of the provisions of Sections 7 or 8. Accordingly, the Employee agrees that, in addition to any other remedies available to the Company, the Company (a) shall be entitled to specific performance, injunction, and other equitable relief to secure the enforcement of such provisions, (b) shall not be required to post bond or other security in connection with seeking any such equitable remedies, and (c) shall be entitled to receive reimbursement from the Employee for all attorneys' fees and expenses incurred by the Company in enforcing such provisions. If any provisions of Sections 7, 8, or 9 relating to the time period, scope of activities or geographic area of restrictions is declared by a court of competent jurisdiction to exceed the maximum permissible time period, scope of activities or geographic area, the maximum time period, scope of activities or geographic area, as the case may be, shall be reduced to the maximum which such court deems enforceable. If any provisions of Sections 7, 8, or 9 other than those described in the preceding sentence are adjudicated to be invalid or unenforceable, the invalid or unenforceable provisions shall be deemed amended (with respect only to the jurisdiction in which adjudication is made) in such manner as to render them enforceable and to effectuate as nearly as possible the original intentions and agreement of the parties.

**10. TERMINATION.** This Agreement may be terminated prior to the expiration of the Term set forth in Section 2 upon the occurrence of any of the events set forth in, and subject to the terms of, this Section 10.

(a) Death. This Agreement will terminate immediately and automatically upon the death of the Employee.

(b) Disability. This Agreement may be terminated at the Company's option, immediately upon notice to the Employee, if the Employee shall suffer a permanent disability ("Disability"). For the purposes of this Agreement, the term "permanent disability" shall mean the Employee's inability to perform his duties under this Agreement for a period of ninety (90) consecutive days or for an aggregate of one hundred twenty (120) days, whether or not consecutive, in any twelve (12) month period, due to illness, accident or any other physical or mental incapacity, as reasonably determined by the Board. In the event that a dispute arises with respect to the disability of the Employee, the parties shall each select a physician licensed to practice in the State of Florida to make such a determination. If the two (2) physicians selected cannot agree on a determination, they will mutually select a third physician and the decision of the majority of the three (3) physicians will be binding.

(c) Cause. This Agreement may be terminated at the Company's option, immediately upon notice to the Employee, upon the occurrence of any of the following ("Cause"): (i) breach by the Employee of any material provision of this Agreement and the expiration of a 10-business day cure period for such breach after written notice thereof has been given to the Employee (which cure period shall not be applicable to clauses (ii) through (viii) of this Section 10(c)); (ii) gross negligence or willful misconduct of the Employee in connection with the performance of his duties under this Agreement; (iii) Employee's failure to perform any reasonable directive of the Board; (iv) fraud, criminal conduct, dishonesty or embezzlement by the Employee; (v) Employee's violation of the Company's Code of Business Conduct and Ethics and/or Code of Ethics for Senior Executive Officers and Senior Financial Officers (each as currently in effect and/or as amended from time to time); (vi) Employee's violation of the Company's policies prohibiting unlawful employment discrimination, retaliation or harassment, including sexual harassment which includes but is not limited to engaging in or aiding and abetting any act of employment discrimination, retaliation or harassment including sexual harassment; (vii) Employee's misappropriation for personal use of any assets (having in excess of nominal value) or business opportunities of the Company; (viii) Employee's violation of any contractual, statutory, or fiduciary duty owed by Employee to the Company or any of its affiliates; or (ix) Employee's failure to cooperate in good faith with a governmental or internal investigation of the Company, its subsidiaries or affiliates, or their directors, officers or employees, if the Company has reasonably requested Employee's cooperation.

(d) Without Cause. This Agreement may be terminated at any time by the Company without cause immediately upon giving written notice to the Employee of such termination.

(e) By Employee.

(i) Subject to the provisions of clause (ii) of this Section 10(e), the Employee may terminate this Agreement at anytime upon providing the Company with six weeks prior written notice. If this Agreement is terminated by the Employee pursuant to this Section 10(e)(i), then the Employee shall be entitled to receive his accrued Base Compensation and benefits through the effective date of such termination, any unvested stock options and unvested restricted stock awards will terminate and be null and void and the Employee shall have no further entitlement to Base Compensation, bonus, or benefits from the Company following the effective date of such termination.

(ii) The Employee may terminate this Agreement upon the occurrence of any of the following without any advance notice: (A) a breach by the Company of any material provision of this Agreement and the expiration of a 10-business day cure period for such breach after written notice thereof has been given to the Company by the Employee; (B) any material diminution in the authority or responsibilities delegated to the Employee as the chief executive officer and/or chairman of the Board of the Company; or (C) any reduction in the Employee's Base Compensation (collectively, "Good Reason").

(f) Return of Payments and Cancellation of Benefits. In the event that the Employee fails to comply with any of his obligations under this Agreement, including, without limitation, the covenants contained in Sections 7 and 8 hereof, or it is determined that the Employee engaged in conduct which would constitute cause for termination as set forth in Section 10(c) of this Agreement, the Employee shall repay to the Company any payments or benefits received by the Employee as a result of a Section 4(g) Termination as of the date of such failure to comply, the Company's obligation to provide the remainder, if any, of any such payments or benefits as a result of a Section 4(g) Termination shall terminate and be null and void as of such date, and the Employee will have no further rights in or to such payments and benefits.

(g) Cooperation. Following the expiration and/or termination of this Agreement for any reason, Employee shall provide his reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Employee's employment hereunder; provided the Company shall reimburse Employee for Employee's reasonable costs and expenses incurred in connection therewith and such cooperation shall not unreasonably burden Employee or unreasonably interfere with any subsequent employment that Employee may undertake.

**11. ADDITIONAL DISCRETIONARY BENEFITS.** At the sole and absolute discretion of the Board of Directors of the Company, the Board of Directors may grant to the Employee additional benefits, including, without limitation, (a) the right to receive a gross-up payment to the extent of any applicable excise taxes imposed by Section 4999 of the Code; and (b) the right to participate in any Supplemental Executive Retirement Plan that may be adopted by the Board of Directors in its sole and absolute discretion.

**12. MISCELLANEOUS.**

- (a) Survival. The provisions of Sections 4(f), (g), (h), (i) and (j), 7, 8, 9, 10(f) and (g), 11 and 12 shall survive the termination of this Agreement.
- (b) Entire Agreement. This Agreement sets forth the entire understanding of the parties and merges and supersedes any prior or contemporaneous agreements between the parties pertaining to the subject matter hereof.
- (c) Modification. This Agreement may not be modified or terminated orally, and no modification or waiver of any of the provisions hereof shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.
- (d) Waiver. Failure of a party to enforce one or more of the provisions of this Agreement or to require at any time performance of any of the obligations hereof shall not be construed to be a waiver of such provisions by such party nor to in any way affect the validity of this Agreement or such party's right thereafter to enforce any provision of this Agreement, nor to preclude such party from taking any other action at any time which it would legally be entitled to take.
- (e) Successors and Assigns. Neither party shall have the right to assign this Agreement, or any rights or obligations hereunder, without the consent of the other party; provided, however, that upon the sale of all or substantially all of the assets, business and goodwill of the Company to another company, or upon the merger or consolidation of the Company with another company, this Agreement shall inure to the benefit of, and be binding upon, both Employee and the company purchasing such assets, business and goodwill, or surviving such merger or consolidation, as the case may be, in the same manner and to the same extent as though such other company were the Company; and provided, further, that the Company shall have the right to assign this Agreement to any affiliate or subsidiary of the Company. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their legal representatives, heirs, successors and permitted assigns.
- (f) Communications. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been given at the time personally delivered or when mailed in any United States post office enclosed in a registered or certified postage prepaid envelope and addressed to the addresses set forth below, or to such other address as any party may specify by notice to the other party; provided, however, that any notice of change of address shall be effective only upon receipt:

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|-------|------------------|---|
| (i)   | To the Company:  | Cadre Holdings, Inc.<br>13386 International Parkway<br>Jacksonville, Florida 32218<br>Attention: Board of Directors   |
| (ii)  | With a copy to:  | Kane Kessler, P.C.<br>600 Third Avenue, 35th Floor<br>New York, New York 10016<br>Attention: Robert L. Lawrence, Esq. |
| (iii) | To the Employee: | Warren B. Kandors<br>250 Royal Palm Way, Suite 201<br>Palm Beach, Florida 33480                                       |

(g) Severability. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions of this Agreement and the provision held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

(h) Jurisdiction; Venue; Waiver of Jury Trial. This Agreement shall be subject to the exclusive jurisdiction of the courts located in New Castle County, Delaware. Any breach of any provisions of this Agreement shall be deemed to be a breach occurring in the State of Delaware by virtue of a failure to perform an act required to be performed in the State of Delaware, and the parties irrevocably and expressly agree to submit to the jurisdiction of the courts located in New Castle County, Delaware for the purpose of resolving any disputes among them relating to this Agreement or the transactions contemplated by this Agreement and waive any objections on the grounds of forum non conveniens or otherwise. The parties hereto agree to service of process by certified or registered United States mail, postage prepaid, addressed to the party in question. The parties hereto irrevocably waive the right to a jury trial in connection with any action arising under this Agreement or the employment of Employee.

(i) Governing Law. This Agreement is made and executed and shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

(j) No Third-Party Beneficiaries. Except as expressly otherwise provided herein, each of the provisions of this Agreement is for the sole and exclusive benefit of the parties hereto and shall not be deemed for the benefit of any other person or entity.

(k) Parachute Payments.

(i) Notwithstanding any other provisions of this Agreement or any other Company plan, arrangement or agreement ("Company Arrangement"), in the event that any payment or benefit by the Company or otherwise to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including, without limitation, any payments or benefits received by the Employee as a result of a Section 4(g) Termination, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax (the "Excise Tax") imposed by Section 4999 of the

Code, then the Total Payments shall be reduced (but not below zero) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments. Any such reduction shall be made by the Company in its sole discretion consistent with the requirements of Section 409A.

(ii) Any determination required under this Section 12(k), including whether any payments or benefits are parachute payments, shall be made by the Company in its sole discretion. The Employee shall provide the Company with such information and documents as the Company may reasonably request in order to make a determination under this Section 12(k). The Company's determinations shall be final and binding on the Company and the Employee.

(iii) In the event it is later determined that to implement the objective and intent of this Section 12(k), (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by Employee to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess amount shall be paid or provided promptly by the Company to Employee, except to the extent the Company reasonably determines would result in imposition of an excise tax under Section 409A.

(l) Section 409A.

(i) General. The parties to this Agreement intend that the Agreement complies with Section 409A, where applicable, and this Agreement shall be interpreted in a manner consistent with that intention. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

(ii) Separation from Service. Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Employee's termination of employment, the termination of this Agreement or the termination of Employee's consulting services shall be payable only upon Employee's "Separation from Service" with the Company within the meaning of Section 409A (a "Separation from Service").

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(iii) Specified Employee. Notwithstanding anything in this Agreement to the contrary, if Employee is deemed by the Company at the time of Employee's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Employee is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Employee's benefits shall not be provided to Employee prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of Employee's Separation from Service with the Company or (B) the date of Employee's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Employee (or Employee's estate or beneficiaries), and any remaining payments due to Employee under this Agreement shall be paid as otherwise provided herein.

(iv) Expense Reimbursements. To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Employee shall be paid to Employee no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred; *provided*, that Employee submits Employee's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Employee's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) Installments. Employee's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

(vi) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Employee's termination of employment are subject to Employee's execution and delivery of a Separation Agreement and General Release Agreement ("Release"), in any case where Employee's date of Separation from Service and Release Expiration Date (as defined below) fall in two separate taxable years, any payments required to be made to Employee that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes hereof, "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Employee, or, in the event that Employee's Separation from Service is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Employee's Separation from Service are delayed pursuant to this Section 12(l)(vi), such amounts shall be paid in a lump sum on the first payroll period to occur in the subsequent taxable year.

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(m) Recovery of Compensation. All payments and benefits provided under this Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

(n) Participation of the Parties. The parties hereto acknowledge and agree that (i) this Agreement and all matters contemplated herein have been negotiated among all parties hereto and their respective legal counsel, if any, (ii) each party has had, or has been afforded the opportunity to have, this Agreement and the transactions contemplated hereby reviewed by independent counsel of its own choosing, (iii) all such parties have participated in the drafting and preparation of this Agreement from the commencement of negotiations at all times through the execution hereof, and (iv) any ambiguities contained in this Agreement shall not be construed against any party hereto.

(o) Counterparts. This Agreement may be executed in any number of counterparts (and by facsimile or other electronic signature), but all counterparts will together constitute but one agreement.

[Signature Page Follows]

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**In Witness Whereof**, each of the parties hereto has duly executed this Agreement as of the date set forth above.

**Cadre Holdings, Inc.**

By: /s/ BLAINE BROWERS

Name: Blaine Browsers

Title: Chief Financial Officer

/s/ WARREN B. KANDERS

Warren B. Kanders

## EMPLOYMENT AGREEMENT

**EMPLOYMENT AGREEMENT** (the “Agreement”), dated as of July 9, 2021, between Cadre Holdings, Inc., a Delaware corporation (the “Company”), and Brad Williams (the “Employee”).

**WITNESSETH:**

**WHEREAS**, each of the Company and its subsidiaries, including Safariland, LLC, desires to employ the Employee as the President of the Company and to be assured of his services on the terms and conditions hereinafter set forth; and

**WHEREAS**, the Employee is willing to be employed as the President of the Company on such terms and conditions.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement, the Company and the Employee hereby agree as follows:

**1. Employment and Term.**

The Company hereby employs the Employee as the President of the Company, and the Employee accepts such employment, upon the terms and subject to the conditions set forth in this Agreement. The term of this Agreement shall commence and be effective only upon the closing of the Company’s initial public offering of shares of its common stock provided that Employee remains in the employ of the Company and this Agreement has not been terminated as of such date (the “Commencement Date”), and shall terminate on the third anniversary of the Commencement Date (the “Term”), subject to earlier termination as provided herein. This Agreement shall automatically terminate prior to the Commencement Date (x) if the Employee is not employed by the Company at any time between the date hereof and the Commencement Date, or (y) if the Company does not complete its initial public offering on or before September 30, 2021.

**2. Duties; Work Site.**

(a) During the Term of this Agreement, the Employee shall serve as the President of the Company and shall perform all duties commensurate with his positions and as may be assigned to him by the Chief Executive Officer and Executive Chairman of the Board of Directors of the Company (the “Board”) or his designee. The Employee shall devote his full business time and energies to the business and affairs of the Company and shall use his best efforts, skills and abilities to promote the interests of the Company, and to diligently and competently perform the duties of his positions.

(b) The Employee shall report to and shall communicate regularly with the Chief Executive Officer and Executive Chairman of the Board or his designee.

(c) The Employee and the Company agree that the Employee’s duties will be discharged from the Company’s Jacksonville, Florida location. The Employee agrees to travel for business purposes in such amount as is necessary in order for the Employee to fully and competently perform his duties hereunder.

**3. Compensation, Bonus, Benefits, etc.**

(a) **Salary.** During the Term of this Agreement, the Company shall pay to the Employee, and the Employee shall accept from the Company, as compensation for the performance of services under this Agreement and the Employee’s observance and performance of all of the provisions hereof, an annual salary at the rate of \$457,000 (the “Base Compensation”). The Base Compensation shall be payable in accordance with the normal payroll practices of the Company.

(b) **Bonus.** In addition to the Base Compensation described above, the Employee shall, in the sole and absolute discretion of the Board or the Compensation Committee of the Board, be entitled to an annual performance bonus of up to one hundred percent (100%) of the Base Compensation which may be based upon a variety of factors, including qualitative and quantitative Company objectives, all as determined annually in the sole and absolute discretion of the Board or Compensation Committee of the Board. In addition, the Employee may be entitled to participate in such other bonus plans, during the Term of this Agreement, as the Board or the Compensation Committee of the Board may, in its sole and absolute discretion, determine. Any such bonus, as determined by the Board or the Compensation Committee of the Board, shall be payable to the Employee no later than 2½ months after the end of the fiscal year in question during the Term.

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(c) **Phantom Plan.** The Employee has received under the Safariland Group 2021 Phantom Restricted Share Plan (the “Phantom Plan”) a Phantom Share Award Agreement, dated March 18, 2021, for 5,220 Phantom Shares, which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the Phantom Plan and related Award Agreement.

(d) **LTIP Plan.** The Employee has received under the Safariland Group Long-Term Incentive Plan (the “LTIP Plan”) an Award Agreement, dated March 15, 2021, of \$442,900 and another Award Agreement, dated March 15, 2021, of \$442,900, each of which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the LTIP Plan and the related respective Award Agreements.

(e) **Stock Options; Restricted Stock.** The Employee shall also be entitled to participate, at the sole and absolute discretion of the Compensation Committee of the Board, in the Company’s 2021 Stock Incentive Plan, or such other stock incentive plan as the Company may have in effect from time to time (the “Stock Incentive Plan”). Such participation and awards shall be based upon, among other things, the Employee’s performance and the Company’s performance, all as determined by the Compensation Committee of the Board. In addition, the Employee may be entitled, during the Term of this Agreement, to receive additional options, restricted stock and Stock Bonus Awards at such prices and other terms, and/or to participate in such other bonus plans, whether during the term of this Agreement or upon termination pursuant to Section 7 hereof, as the Compensation Committee of the Board may, in its sole and absolute discretion, determine. Furthermore, and without limiting the foregoing, on the Commencement Date, the Company shall issue to the Employee 200,000 restricted shares of Common Stock (the “Restricted Stock”), which shall be subject to the vesting and lapse of restrictions on such Restricted Stock based on the timing set forth below:

(A) The Restricted Stock shall vest upon the achievement of both: (i) a closing price of at least \$40.00 per share of Common Stock on the New York Stock Exchange or other national or regional stock exchange on which such securities are then listed for a period of twenty (20) consecutive trading days, and (ii) the Employee having been continuously employed by the Company for a period of five years from and after the Commencement Date;

(B) Any shares not vested based on the foregoing closing share price of Common Stock prior to the tenth anniversary of the Commencement Date shall be forfeited and be null and void; and

(C) The forfeiture of the Restricted Stock may be accelerated in accordance with the terms of this Agreement, provided that, notwithstanding any provision in this Agreement to the contrary notwithstanding, the vesting of the Restricted Stock shall not be accelerated unless and until the conditions set forth in clause (A) above are satisfied.

The terms and provisions of the Restricted Stock shall be set forth in a restricted stock agreement in form and substance satisfactory to the Company.

(f) **Benefits.** During the Term of this Agreement, the Employee shall be entitled to participate in or benefit from, in accordance with the eligibility and other provisions thereof, the Company's medical insurance and other fringe benefit plans or policies as the Company may make available to, or have in effect for, its senior executive officers from time to time. The Company and its affiliates retain the right to terminate or alter any such plans or policies from time to time. The Employee shall also be entitled to four weeks paid vacation each year, sick leave and other similar benefits in accordance with policies of the Company from time to time in effect for its senior executive officers.

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(g) **Reimbursement of Business Expenses.** During the Term of this Agreement, upon submission of proper invoices, receipts or other supporting documentation reasonably satisfactory to the Company and in accordance with and subject to the Company's expense reimbursement policies, the Employee shall be reimbursed by the Company for all reasonable business expenses actually and necessarily incurred by the Employee on behalf of the Company in connection with the performance of services under this Agreement.

(h) **Taxes.** The Base Compensation and any other compensation paid to Employee, including, without limitation, any bonus, shall be subject to withholding for applicable taxes and other amounts.

#### **4. Representations of Employee.**

The Employee represents and warrants that he is not party to, or bound by, any agreement or commitment, or subject to any restriction, including but not limited to agreements related to previous employment containing confidentiality or noncompetition covenants, which limit the ability of the Employee to perform his duties under this Agreement. The Employee further represents and warrants that he is not presently nor has he ever been the subject of or a party to any charge, complaint, government agency investigation or proceeding, disciplinary action, arbitration or litigation involving a claim of employment discrimination, retaliation or harassment, including sexual harassment.

#### **5. Confidentiality, Noncompetition, Nonsolicitation and Non-Disparagement.**

For purposes of this Section 5, all references to the Company shall be deemed to include the Company's affiliates and subsidiaries and their respective subsidiaries, whether now existing or hereafter established or acquired. In consideration for the compensation and benefits provided to the Employee pursuant to this Agreement, the Employee agrees with the provisions of this Section 5.

##### **(a) Confidential Information.**

(i) The Employee acknowledges that as a result of his retention by the Company, the Employee has and will continue to have knowledge of, and access to, proprietary and confidential information of the Company including, without limitation, research and development plans and results, software, databases, technology, inventions, trade secrets, technical information, know-how, plans, specifications, methods of operations, product and service information, product and service availability, pricing information (including pricing strategies), financial, business and marketing information and plans, and the identity of customers, clients and suppliers (collectively, the "Confidential Information"), and that the Confidential Information, even though it may be contributed, developed or acquired by the Employee, constitutes valuable, special and unique assets of the Company developed at great expense which are the exclusive property of the Company. Accordingly, the Employee shall not, at any time, either during or subsequent to the Term of this Agreement, use, reveal, report, publish, transfer or otherwise disclose to any person, corporation, or other entity, any of the Confidential Information without the prior written consent of the Company, except to responsible officers and employees of the Company and other responsible persons who are in a contractual or fiduciary relationship with the Company and who have a need for such Confidential Information for purposes in the best interests of the Company, and except for such Confidential Information which is or becomes of general public knowledge from authorized sources other than by or through the Employee.

(ii) The Employee acknowledges that the Company would not enter into this Agreement without the assurance that all the Confidential Information will be used for the exclusive benefit of the Company.

(iii) Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret (as defined in section 1839 of title 18, United States Code) that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if Employee (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except as permitted by court order.

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(b) **Return of Confidential Information.** Upon the termination of this Agreement or upon the request of the Company, the Employee shall promptly return to the Company all Confidential Information in his possession or control, including but not limited to all drawings, manuals, computer printouts, computer databases, disks, data, files, lists, memoranda, letters, notes, notebooks, reports and other writings and copies thereof and all other materials relating to the Company's business, including, without limitation, any materials incorporating Confidential Information.

(c) **Inventions, etc.** During the Term and for a period of one year thereafter, the Employee will promptly disclose to the Company all designs, processes, inventions, improvements, developments, discoveries, processes, techniques, and other information related to the business of the Company conceived, developed, acquired, or reduced to practice by him alone or with others during the Term of this Agreement, whether or not conceived during regular working hours, through the use of Company time, material or facilities or otherwise ("Inventions").

The Employee agrees that all copyrights created in conjunction with his service to the Company and other Inventions, are "works made for hire" (as that term is defined under the Copyright Act of 1976, as amended). All such copyrights, trademarks, and other Inventions shall be the sole and exclusive property of the Company, and the Company shall be the sole owner of all patents, copyrights, trademarks, trade secrets, and other rights and protection in connection therewith. To the extent any such copyright and other Inventions may not be works for hire, the Employee hereby assigns to the Company any and all rights he now has or may hereafter acquire in such copyrights and any other Inventions. Upon request the Employee shall deliver to the Company all drawings, models and other data and records relating to such copyrights, trademarks and Inventions. The Employee further agrees as to all such Inventions, to assist the Company in every proper way (but at the Company's expense) to obtain, register, and from time to time enforce patents, copyrights, trademarks, trade secrets, and other rights and protection relating to said Inventions in any and all countries, and to that end the Employee shall execute all documents for use in applying for and obtaining such patents, copyrights, trademarks, trade secrets and other rights and protection on and enforcing such Inventions, as the Company may reasonably request, together with any assignments thereof to the Company or persons designated by it. Such obligation to assist the Company shall continue beyond the termination of the Employee's service to the Company, but the Company shall compensate the Employee at a reasonable rate after termination of service for time actually spent by the Employee at the Company's request for such assistance. In the event the Company is unable, after reasonable effort, to secure the

Employee's signature on any document or documents needed to apply for or prosecute any patent, copyright, trademark, trade secret, or other right or protection relating to an Invention, whether because of the Employee's physical or mental incapacity or for any other reason whatsoever, the Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, during the Term of this Agreement and for a period of two years after termination of this Agreement, as his agent coupled with an interest and attorney-in-fact, to act for and in his behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trademarks, trade secrets, or similar rights or protection thereon with the same legal force and effect as if executed by the Employee.

(d) **Non-Competition.** The Employee agrees not to utilize his special knowledge of the Business and his relationships with customers, prospective customers, suppliers and others or otherwise to compete with the Company in the Business during the Restricted Period. During the Restricted Period, the Employee shall not, and shall not permit any of his respective employees, agents or others under his control, directly or indirectly, on behalf of the Employee or any other Person, to engage or have an interest, anywhere in the world in which the Company conducts business or markets or sells its products, alone or in association with others, as principal, officer, agent, employee, director, partner or stockholder (except as an owner of two percent or less of the stock of any company listed on a national securities exchange or traded in the over-the-counter market), whether through the investment of capital, lending of money or property, rendering of services or capital, or otherwise, in any Competitive Business. During the Restricted Period, the Employee shall not, and shall not permit any of his respective employees, agents or others under his control, directly or indirectly, on behalf of the Employee or any other Person, to accept Competitive Business from, or solicit the Competitive Business of any Person who is a customer of the Business conducted by the Company, or, to the Employee's knowledge, is a customer of the Business conducted by the Company at any time during the Restricted Period.

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(e) **Non-Disparagement and Non-Interference.** The Employee shall not, either directly or indirectly, (i) during the Restricted Period, make or cause to be made, any statements that are disparaging or derogatory concerning the Company or its business, reputation or prospects; (ii) during the Restricted Period, request, suggest, influence or cause any party, directly or indirectly, to cease doing business with or to reduce its business with the Company or do or say anything which could reasonably be expected to damage the business relationships of the Company; or (iii) at any time during or after the Restricted Period, use or purport to authorize any Person to use any Intellectual Property owned by the Company or exclusively licensed to the Company or to otherwise infringe on the intellectual property rights of the Company.

(f) **Non-Solicitation.** During the Restricted Period, the Employee shall not recruit or otherwise solicit or induce any Person who is an employee or consultant of, or otherwise engaged by Company, to terminate his or her employment or other relationship with the Company, or such successor, or hire any person who has left the employ of the Company during the preceding one year.

(g) **Certain Definitions.** For purposes of this Agreement: (i) the term "Business" shall mean the business of (A) manufacturing and distributing safety and survivability equipment for first responders; and (B) any other business that the Company or its subsidiaries may be engaged in during the Term of this Agreement; (ii) the term "Competitive Business" shall mean any business competitive with the Business; and (iii) the term "Restricted Period" shall mean the Term of this Agreement and a period of two years after termination of this Agreement; provided, that, if Employee breaches the covenants set forth in this Section 5, the Restricted Period shall be extended for a period equal to the period that a court having jurisdiction has determined that such covenant has been breached. "Person" shall mean an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization or other entity and a government or any department or agency thereof.

**6. Remedies.** The restrictions set forth in Section 5 are considered by the parties to be fair and reasonable. The Employee acknowledges that the restrictions contained in Section 5 will not prevent him from earning a livelihood. The Employee further acknowledges that the Company would be irreparably harmed and that monetary damages would not provide an adequate remedy in the event of a breach of the provisions of Section 5. Accordingly, the Employee agrees that, in addition to any other remedies available to the Company, the Company shall be entitled to injunctive and other equitable relief to secure the enforcement of these provisions. In connection with seeking any such equitable remedy, including, but not limited to, an injunction or specific performance, the Company shall not be required to post a bond as a condition to obtaining such remedy. In any such litigation, the prevailing party shall be entitled to receive an award of reasonable attorneys' fees and costs. If any provisions of Sections 5 or 6 relating to the time period, scope of activities or geographic area of restrictions is declared by a court of competent jurisdiction to exceed the maximum permissible time period, scope of activities or geographic area, the maximum time period, scope of activities or geographic area, as the case may be, shall be reduced to the maximum which such court deems enforceable. If any provisions of Sections 5 or 6 other than those described in the preceding sentence are adjudicated to be invalid or unenforceable, the invalid or unenforceable provisions shall be deemed amended (with respect only to the jurisdiction in which such adjudication is made) in such manner as to render them enforceable and to effectuate as nearly as possible the original intentions and agreement of the parties. For purposes of this Section 6, all references to the Company shall be deemed to include the Company's affiliates and subsidiaries, whether now existing or hereafter established or acquired.

**7. Termination.** This Agreement shall terminate at the end of the Term set forth in Section 1. In addition, this Agreement may be terminated prior to the end of the Term set forth in Section 1 upon the occurrence of any of the events set forth in, and subject to the terms of, this Section 7. For purposes of this Section 7, the term "stock options" shall include the Stock Options and the term "restricted stock" shall include the Restricted Stock.

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(a) **Death or Permanent Disability.** If the Employee dies or becomes permanently disabled, this Agreement shall terminate effective upon the Employee's death or when his disability is deemed to have become permanent. If the Employee is unable to perform his normal duties for the Company because of illness or incapacity (whether physical or mental) for 45 consecutive days during the Term of this Agreement, or for 60 days (whether or not consecutive) out of any calendar year during the Term of this Agreement, his disability shall be deemed to have become permanent. If this Agreement is terminated on account of the death or permanent disability of the Employee, then the Employee or his estate shall be entitled to receive accrued Base Compensation through the date of such termination, all granted but unvested stock options and unvested restricted stock (but not including the Restricted Stock awarded pursuant to Section 3(e)) held by the Employee shall immediately vest, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee or the Employee's estate, as applicable, shall have no further entitlement to Base Compensation, bonus, stock options or benefits from the Company following the effective date of such termination, except as provided in Section 3(b) of this Agreement; provided, however, that any bonus pursuant to Section 3(b) of this Agreement shall be paid only for the year in which such termination occurred pro rated for the portion of such year prior to such termination and shall be paid at such time as the Board determines the bonuses for all senior executive officers of the Company for such year, but no later than the date that is two weeks after the filing of the Company's Form 10-K for the year in which it was earned.

(b) **Cause.** This Agreement may be terminated at the Company's option, immediately upon notice to the Employee, upon the occurrence of any of the following ("Cause"): (i) breach by the Employee of any material provision of this Agreement and the expiration of a 10-business day cure period for such breach after written notice thereof has been given to the Employee (which cure period shall not be applicable to clauses (ii) through (vii) of this Section 7(b)); (ii) gross negligence or willful misconduct of the Employee in connection with the performance of his duties under this Agreement; (iii) Employee's failure to perform any reasonable directive of the Board; (iv) fraud, criminal conduct, dishonesty or embezzlement by the Employee; (v) Employee's violation of the Company's Code of Business Conduct and Ethics and/or Code of Ethics for Senior Executive Officers and Senior Financial Officers (each as currently in effect and/or as amended from time to time); (vi) Employee's violation of the Company's policies prohibiting unlawful employment discrimination, retaliation or harassment, including sexual harassment which includes but is not limited to engaging in or aiding and abetting any act of employment discrimination, retaliation or harassment including sexual harassment; (vii) Employee's misappropriation for personal use of any assets (having in excess of nominal value) or business opportunities of the Company; (viii) Employee's violation of any contractual, statutory, or fiduciary duty owed by Employee to the Company or any of its affiliates; or (ix) Employee's failure to cooperate in good faith with a governmental or internal investigation of the Company, its

subsidiaries or affiliates, or their directors, officers or employees, if the Company has reasonably requested Employee's cooperation. If this Agreement is terminated by the Company for Cause, then the Employee shall be entitled to receive accrued Base Compensation through the date of such termination, all stock options, whether vested or unvested, will be forfeited by the Employee and be null and void, all granted but unvested restricted stock shall be forfeited and be null and void, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee shall have no further entitlement to Base Compensation, bonus, stock options, or benefits from the Company following the effective date of such termination; provided, however, that in the event of a termination for Cause pursuant to Section 7(b)(iii) hereof, the Employee shall be entitled to retain any vested stock options, but subject to the terms and conditions thereof.

(c) **Without Cause.** This Agreement may be terminated, at any time by the Company without Cause immediately upon giving written notice to the Employee of such termination. Upon the termination of this Agreement by the Company without Cause, the Employee shall be entitled to receive one year of Base Compensation and reimbursement of any COBRA premium payments made by the Employee during such one-year period provided the Employee executes a Separation Agreement and General Release Agreement that is satisfactory to the Company and upon receipt of a COBRA billing statement, in each case payable in accordance with the Company's normal payroll practices, subject to withholding for applicable taxes and other amounts. All granted but unvested stock options and all unvested restricted stock (but not including the Restricted Stock awarded pursuant to Section 3(e)) held by the Employee shall immediately vest, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee shall have no further entitlement to Base Compensation, bonus, stock options or benefits from the Company following the effective date of such termination. This Section 7(c) shall not apply if the Employee is terminated by the Company and Section 7(e) applies.

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(d) **By Employee.** The Employee may terminate this Agreement at any time upon providing the Company with 90 days' prior written notice. If this Agreement is terminated by the Employee pursuant to this Section 7(d), then the Employee shall be entitled to receive his accrued Base Compensation and benefits through the effective date of such termination, all granted but unvested stock options and all unvested restricted stock shall be forfeited and be null and void, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee shall have no further entitlement to Base Compensation, bonus, stock options, or benefits from the Company following the effective date of such termination.

(e) **Change in Control.** Upon the occurrence of a Change in Control (as hereinafter defined), the Employee shall have the right to terminate this Agreement within 30 days following the occurrence of such Change in Control; provided, however, that if requested to do so by the Company or the acquiror of the business of the Company in such Change of Control, the Employee shall provide consulting services to the Company or such acquiror, as applicable, for transition purposes for a period of up to six months following the effective date of such Change in Control and his termination of this Agreement, and the Company or such acquiror shall pay consulting fees to the Employee for such six month period in an amount equal to the compensation he would have otherwise received under this Agreement had it been in effect for such six month period. Upon the termination of this Agreement by either party within 30 days following the occurrence of a Change in Control (other than a termination by the Company for Cause during such period, in which event the provisions of Section 7(b) shall apply), the Employee shall be entitled to receive one year of Base Compensation in one lump sum within five business days after the effective date of such termination and reimbursement of any COBRA premium payments made by the Employee during such one-year period provided the Employee executes a Separation Agreement and General Release Agreement that is satisfactory to the Company and upon receipt of a COBRA billing statement, subject to withholding for applicable taxes and other amounts, all granted but unvested stock options and all unvested restricted stock (but not including the Restricted Stock awarded pursuant to Section 3(e)) held by the Employee shall immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded; provided, however, that if the Company or the acquiror described above requests Employee to provide the consulting services described above, then the one year of Base Compensation that is payable in one lump sum shall become due and payable in one lump sum upon the expiration of such consulting period, and shall not be payable if the Employee does not render such consulting services. For purposes of this Agreement, a "Change in Control" of the Company shall be deemed to have occurred in the event that: (i) individuals who, as of the date hereof, constitute the Board cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Board shall be considered as though such individual was a member of the Board as of the date hereof; (ii) the Company shall have been sold by either (A) a sale of all or substantially all its assets, or (B) a merger or consolidation, other than any merger or consolidation pursuant to which the Company acquires another entity, or (C) a tender offer, whether solicited or unsolicited; or (iii) any party, other than the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of voting securities of the Company representing 40% or more of the total voting power of all the then-outstanding voting securities of the Company; provided, that no event shall constitute a Change in Control unless such event is a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, pursuant to Section 409A(a)(2)(A)(v) of the Internal Revenue Code of 1986, as amended (the "Code").

(f) **Return of Payments and Cancellation of Benefits.** In the event that the Employee fails to comply with any of his obligations under this Agreement, including, without limitation, the covenants contained in Section 5 hereof, or it is determined that the Employee engaged in conduct which would constitute cause for termination as set forth in 7(b) of this Agreement, the Employee shall repay to the Company any payments received by the Employee in respect of the one year Base Compensation required to be paid pursuant to Section 7(c) or Section 7(e) hereof as of the date of such failure to comply, the Company's obligation to provide the remainder, if any, of such one year Base Compensation shall terminate and be null and void as of such date, and the Employee will have no further rights in or to such amounts and benefits.

(g) **Cooperation.** Following the expiration and/or termination of this Agreement for any reason, Employee shall provide his reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Employee's employment hereunder; provided the Company shall reimburse Employee for Employee's reasonable costs and expenses incurred in connection therewith and such cooperation shall not unreasonably burden Employee or unreasonably interfere with any subsequent employment that Employee may undertake.

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## **8. Parachute Payments.**

(a) Notwithstanding any other provisions of this Agreement or any other Company plan, arrangement or agreement ("Company Arrangement"), in the event that any payment or benefit by the Company or otherwise to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Section 7 above, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the Total Payments shall be reduced (but not below zero) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments. Any such reduction shall be made by the Company in its sole discretion consistent with the requirements of Section 409A of the Code ("Section 409A").

(b) Any determination required under this Section 8, including whether any payments or benefits are parachute payments, shall be made by the Company in its sole discretion. The Employee shall provide the Company with such information and documents as the Company may reasonably request in order to make a determination under this Section 8. The Company's determinations shall be final and binding on the Company and the Employee.

(c) In the event it is later determined that to implement the objective and intent of this Section 8, (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by Employee to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess



amount shall be paid or provided promptly by the Company to Employee, except to the extent the Company reasonably determines would result in imposition of an excise tax under Section 409A.

**9. Miscellaneous.**

(a) **Survival.** The provisions of Sections 4, 5, 6, 7, 8 and 9 shall survive the termination of this Agreement.

(b) **Entire Agreement.** This Agreement sets forth the entire understanding of the parties and, except as specifically set forth herein, merges and supersedes any prior or contemporaneous agreements between the parties pertaining to the subject matter hereof.

(c) **Modification.** This Agreement may not be modified or terminated orally, and no modification, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

(d) **Waiver.** Failure of a party to enforce one or more of the provisions of this Agreement or to require at any time performance of any of the obligations hereof shall not be construed to be a waiver of such provisions by such party nor to in any way affect the validity of this Agreement or such party's right thereafter to enforce any provision of this Agreement, nor to preclude such party from taking any other action at any time which it would legally be entitled to take.

(e) **Successors and Assigns.** Neither party shall have the right to assign this Agreement, or any rights or obligations hereunder, without the consent of the other party; provided, however, that upon the sale of all or substantially all of the assets, business and goodwill of the Company to another company, or upon the merger or consolidation of the Company with another company, this Agreement shall inure to the benefit of, and be binding upon, both Employee and the company purchasing such assets, business and goodwill, or surviving such merger or consolidation, as the case may be, in the same manner and to the same extent as though such other company were the Company; and provided, further, that the Company shall have the right to assign this Agreement to any affiliate or subsidiary of the Company. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their legal representatives, heirs, successors and assigns.

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(f) **Communications.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been given at the time personally delivered, sent by electronic mail or facsimile transmission provided the receiving party has a compatible device or confirms receipt thereof (which forms of notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or when mailed in any United States post office enclosed in a registered or certified postage prepaid envelope and addressed to the addresses set forth below, or to such other address as any party may specify by notice to the other party; provided, however, that any notice of change of address shall be effective only upon receipt.

*If to the Company:*

Cadre Holdings, Inc.  
13386 International Pkwy  
Jacksonville, FL 32218  
Facsimile:  
Email: blaine.browers@safariland.com  
Attention: Blaine Browers

*With a copy to:*

Kane Kessler, P.C.  
600 Third Avenue, 35<sup>th</sup> Floor  
New York, New York 10016  
Facsimile: (212) 245-3009  
Email: rlawrence@kanekessler.com  
Attention: Robert L. Lawrence, Esq.

*If to the Employee:*

Brad Williams  
12831 River Story Way  
Jacksonville, FL 32223  
Email:

(g) **Severability.** If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions of this Agreement and the provisions held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

(h) **Jurisdiction; Venue; Waiver of Jury Trial.** This Agreement shall be subject to the non-exclusive jurisdiction of the federal courts or state courts of the State of Delaware, County of New Castle, for the purpose of resolving any disputes among them relating to this Agreement or the transactions contemplated by this Agreement and waive any objections on the grounds of forum non conveniens or otherwise. The parties hereto agree to service of process by certified or registered United States mail, postage prepaid, addressed to the party in question. The prevailing party in any proceeding instituted in connection with this Agreement shall be entitled to an award of its/his reasonable attorneys' fees and costs. The parties hereto irrevocably waive the right to a jury trial in connection with any action arising under this Agreement or the employment of Employee.

(i) **Governing Law.** This Agreement is made and executed and shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

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(j) **Counterparts.** This Agreement may be executed in any number of counterparts (and by facsimile or other electronic signature), but all counterparts will together constitute but one agreement.

(k) **Third Party Beneficiaries** This Agreement is for the sole and exclusive benefit of the parties hereto and, except as provided herein, shall not be deemed for the benefit of any other person or entity.

(l) **Headings and References**. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to any section refer to such section of this Agreement unless the context otherwise requires.

(m) **Section 409A.**

(i) **General**. The parties to this Agreement intend that the Agreement complies with Section 409A, where applicable, and this Agreement shall be interpreted in a manner consistent with that intention. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

(ii) **Separation from Service**. Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Employee's termination of employment, the termination of this Agreement or the termination of Employee's consulting services shall be payable only upon Employee's "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service").

(iii) **Specified Employee**. Notwithstanding anything in this Agreement to the contrary, if Employee is deemed by the Company at the time of Employee's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Employee is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Employee's benefits shall not be provided to Employee prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of Employee's Separation from Service with the Company or (B) the date of Employee's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Employee (or Employee's estate or beneficiaries), and any remaining payments due to Employee under this Agreement shall be paid as otherwise provided herein.

(iv) **Expense Reimbursements**. To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Employee shall be paid to Employee no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred; *provided*, that Employee submits Employee's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Employee's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) **Installments**. Employee's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

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(vi) **Release**. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Employee's Separation from Service are subject to Employee's execution and delivery of a Separation Agreement and General Release Agreement ("Release"), in any case where Employee's date of Separation from Service and Release Expiration Date (as defined below) fall in two separate taxable years, any payments required to be made to Employee that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes hereof, "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Employee, or, in the event that Employee's Separation from Service is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Employee's Separation from Service are delayed pursuant to this Section 9(m)(vi), such amounts shall be paid in a lump sum on the first payroll period to occur in the subsequent taxable year.

(n) **Recovery of Compensation**. All payments and benefits provided under this Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

(o) **Participation of the Parties**. The parties hereto acknowledge and agree that (i) this Agreement and all matters contemplated herein have been negotiated among all parties hereto and their respective legal counsel, if any, (ii) each party has had, or has been afforded the opportunity to have, this Agreement and the transactions contemplated hereby reviewed by independent counsel of its own choosing, (iii) all such parties have participated in the drafting and preparation of this Agreement from the commencement of negotiations at all times through the execution hereof, and (iv) any ambiguities contained in this Agreement shall not be construed against any party hereto.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, each of the parties hereto has duly executed this Employment Agreement as of the date set forth above.

**CADRE HOLDINGS, INC.**

By: /s/ WARREN B. KANDERS  
Name: Warren B. Kanders  
Title: Chief Executive Officer

/s/ BRAD WILLIAMS  
Brad Williams

(Signature Page to Employment Agreement of BW)

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## EMPLOYMENT AGREEMENT

**EMPLOYMENT AGREEMENT** (the “Agreement”), dated as of July 9, 2021, between Cadre Holdings, Inc., a Delaware corporation (the “Company”), and Blaine Browers (the “Employee”).

**WITNESSETH:**

**WHEREAS**, each of the Company and its subsidiaries, including Safariland, LLC, desires to employ the Employee as the Chief Financial Officer of the Company and to be assured of his services on the terms and conditions hereinafter set forth; and

**WHEREAS**, the Employee is willing to be employed as the Chief Financial Officer of the Company on such terms and conditions.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement, the Company and the Employee hereby agree as follows:

**1. Employment and Term.**

The Company hereby employs the Employee as the Chief Financial Officer of the Company, and the Employee accepts such employment, upon the terms and subject to the conditions set forth in this Agreement. The term of this Agreement shall commence and be effective only upon the closing of the Company’s initial public offering of shares of its common stock provided that Employee remains in the employ of the Company and this Agreement has not been terminated as of such date (the “Commencement Date”), and shall terminate on the third anniversary of the Commencement Date (the “Term”), subject to earlier termination as provided herein. This Agreement shall automatically terminate prior to the Commencement Date (x) if the Employee is not employed by the Company at any time between the date hereof and the Commencement Date, or (y) if the Company does not complete its initial public offering on or before September 30, 2021.

**2. Duties; Work Site.**

(a) During the Term of this Agreement, the Employee shall serve as the Chief Financial Officer of the Company and shall perform all duties commensurate with his positions and as may be assigned to him by the Chief Executive Officer and Executive Chairman of the Board of Directors of the Company (the “Board”) or his designee. The Employee shall devote his full business time and energies to the business and affairs of the Company and shall use his best efforts, skills and abilities to promote the interests of the Company, and to diligently and competently perform the duties of his positions.

(b) The Employee shall report to and shall communicate regularly with the Chief Executive Officer and Executive Chairman of the Board or his designee.

(c) The Employee and the Company agree that the Employee’s duties will be discharged from the Company’s Jacksonville, Florida location. The Employee agrees to travel for business purposes in such amount as is necessary in order for the Employee to fully and competently perform his duties hereunder.

**3. Compensation, Bonus, Benefits, etc.**

(a) **Salary.** During the Term of this Agreement, the Company shall pay to the Employee, and the Employee shall accept from the Company, as compensation for the performance of services under this Agreement and the Employee’s observance and performance of all of the provisions hereof, an annual salary at the rate of \$340,000 (the “Base Compensation”). The Base Compensation shall be payable in accordance with the normal payroll practices of the Company.

(b) **Bonus.** In addition to the Base Compensation described above, the Employee shall, in the sole and absolute discretion of the Board or the Compensation Committee of the Board, be entitled to an annual performance bonus of up to one hundred percent (100%) of the Base Compensation which may be based upon a variety of factors, including qualitative and quantitative Company objectives, all as determined annually in the sole and absolute discretion of the Board or Compensation Committee of the Board. In addition, the Employee may be entitled to participate in such other bonus plans, during the Term of this Agreement, as the Board or the Compensation Committee of the Board may, in its sole and absolute discretion, determine. Any such bonus, as determined by the Board or the Compensation Committee of the Board, shall be payable to the Employee no later than 2½ months after the end of the fiscal year in question during the Term.

(c) **Phantom Plan.** The Employee has received under the Safariland Group 2021 Phantom Restricted Share Plan (the “Phantom Plan”) a Phantom Share Award Agreement, dated March 18, 2021, for 3,320 Phantom Shares, which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the Phantom Plan and related Award Agreement.

(d) **LTIP Plan.** The Employee has received under the Safariland Group Long-Term Incentive Plan (the “LTIP Plan”) an Award Agreement, dated March 15, 2021, of \$329,600 and another Award Agreement, dated March 15, 2021, of \$329,600, each of which will continue to remain outstanding and be subject to the vesting and other terms as set forth in the LTIP Plan and the related respective Award Agreements.

(e) **Stock Options; Restricted Stock.** The Employee shall also be entitled to participate, at the sole and absolute discretion of the Compensation Committee of the Board, in the Company’s 2021 Stock Incentive Plan, or such other stock incentive plan as the Company may have in effect from time to time (the “Stock Incentive Plan”). Such participation and awards shall be based upon, among other things, the Employee’s performance and the Company’s performance, all as determined by the Compensation Committee of the Board. In addition, the Employee may be entitled, during the Term of this Agreement, to receive additional options, restricted stock and Stock Bonus Awards at such prices and other terms, and/or to participate in such other bonus plans, whether during the term of this Agreement or upon termination pursuant to Section 7 hereof, as the Compensation Committee of the Board may, in its sole and absolute discretion, determine. Furthermore, and without limiting the foregoing, on the Commencement Date, the Company shall issue to the Employee 150,000 restricted shares of Common Stock (the “Restricted Stock”), which shall be subject to the vesting and lapse of restrictions on such Restricted Stock based on the timing set forth below:

(A) The Restricted Stock shall vest upon the achievement of both: (i) a closing price of at least \$40.00 per share of Common Stock on the New York Stock Exchange or other national or regional stock exchange on which such securities are then listed for a period of twenty (20) consecutive trading days, and (ii) the Employee having been continuously employed by the Company for a period of five years from and after the Commencement Date;

(B) Any shares not vested based on the foregoing closing share price of Common Stock prior to the tenth anniversary of the Commencement Date shall be forfeited and be null and void; and

(C) The forfeiture of the Restricted Stock may be accelerated in accordance with the terms of this Agreement, provided that, notwithstanding any provision in this Agreement to the contrary, the vesting of the Restricted Stock shall not be accelerated unless and until the conditions set forth in clause (A) above are satisfied.

The terms and provisions of the Restricted Stock shall be set forth in a restricted stock agreement in form and substance satisfactory to the Company.

(f) **Benefits.** During the Term of this Agreement, the Employee shall be entitled to participate in or benefit from, in accordance with the eligibility and other provisions thereof, the Company's medical insurance and other fringe benefit plans or policies as the Company may make available to, or have in effect for, its senior executive officers from time to time. The Company and its affiliates retain the right to terminate or alter any such plans or policies from time to time. The Employee shall also be entitled to four weeks paid vacation each year, sick leave and other similar benefits in accordance with policies of the Company from time to time in effect for its senior executive officers.

(g) **Reimbursement of Business Expenses.** During the Term of this Agreement, upon submission of proper invoices, receipts or other supporting documentation reasonably satisfactory to the Company and in accordance with and subject to the Company's expense reimbursement policies, the Employee shall be reimbursed by the Company for all reasonable business expenses actually and necessarily incurred by the Employee on behalf of the Company in connection with the performance of services under this Agreement.

(h) **Taxes.** The Base Compensation and any other compensation paid to Employee, including, without limitation, any bonus, shall be subject to withholding for applicable taxes and other amounts.

#### **4. Representations of Employee.**

The Employee represents and warrants that he is not party to, or bound by, any agreement or commitment, or subject to any restriction, including but not limited to agreements related to previous employment containing confidentiality or noncompetition covenants, which limit the ability of the Employee to perform his duties under this Agreement. The Employee further represents and warrants that he is not presently nor has he ever been the subject of or a party to any charge, complaint, government agency investigation or proceeding, disciplinary action, arbitration or litigation involving a claim of employment discrimination, retaliation or harassment, including sexual harassment.

#### **5. Confidentiality, Noncompetition, Nonsolicitation and Non-Disparagement.**

For purposes of this Section 5, all references to the Company shall be deemed to include the Company's affiliates and subsidiaries and their respective subsidiaries, whether now existing or hereafter established or acquired. In consideration for the compensation and benefits provided to the Employee pursuant to this Agreement, the Employee agrees with the provisions of this Section 5.

##### **(a) Confidential Information.**

(i) The Employee acknowledges that as a result of his retention by the Company, the Employee has and will continue to have knowledge of, and access to, proprietary and confidential information of the Company including, without limitation, research and development plans and results, software, databases, technology, inventions, trade secrets, technical information, know-how, plans, specifications, methods of operations, product and service information, product and service availability, pricing information (including pricing strategies), financial, business and marketing information and plans, and the identity of customers, clients and suppliers (collectively, the "Confidential Information"), and that the Confidential Information, even though it may be contributed, developed or acquired by the Employee, constitutes valuable, special and unique assets of the Company developed at great expense which are the exclusive property of the Company. Accordingly, the Employee shall not, at any time, either during or subsequent to the Term of this Agreement, use, reveal, report, publish, transfer or otherwise disclose to any person, corporation, or other entity, any of the Confidential Information without the prior written consent of the Company, except to responsible officers and employees of the Company and other responsible persons who are in a contractual or fiduciary relationship with the Company and who have a need for such Confidential Information for purposes in the best interests of the Company, and except for such Confidential Information which is or becomes of general public knowledge from authorized sources other than by or through the Employee.

(ii) The Employee acknowledges that the Company would not enter into this Agreement without the assurance that all the Confidential Information will be used for the exclusive benefit of the Company.

(iii) Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret (as defined in section 1839 of title 18, United States Code) that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if Employee (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except as permitted by court order.

(b) **Return of Confidential Information.** Upon the termination of this Agreement or upon the request of the Company, the Employee shall promptly return to the Company all Confidential Information in his possession or control, including but not limited to all drawings, manuals, computer printouts, computer databases, disks, data, files, lists, memoranda, letters, notes, notebooks, reports and other writings and copies thereof and all other materials relating to the Company's business, including, without limitation, any materials incorporating Confidential Information.

(c) **Inventions, etc.** During the Term and for a period of one year thereafter, the Employee will promptly disclose to the Company all designs, processes, inventions, improvements, developments, discoveries, processes, techniques, and other information related to the business of the Company conceived, developed, acquired, or reduced to practice by him alone or with others during the Term of this Agreement, whether or not conceived during regular working hours, through the use of Company time, material or facilities or otherwise ("Inventions").

The Employee agrees that all copyrights created in conjunction with his service to the Company and other Inventions, are "works made for hire" (as that term is defined under the Copyright Act of 1976, as amended). All such copyrights, trademarks, and other Inventions shall be the sole and exclusive property of the Company, and the Company shall be the sole owner of all patents, copyrights, trademarks, trade secrets, and other rights and protection in connection therewith. To the extent any such copyright and other Inventions may not be works for hire, the Employee hereby assigns to the Company any and all rights he now has or may hereafter acquire in such copyrights and any other Inventions. Upon request the Employee shall deliver to the Company all drawings, models and other data and records relating to such copyrights, trademarks and Inventions. The Employee further agrees as to all such Inventions, to assist the Company in every proper way (but at the Company's expense) to obtain, register, and from time to time enforce patents, copyrights, trademarks, trade secrets, and other rights and protection relating to said Inventions in any and all countries, and to that end the Employee shall execute all documents for use in applying for and obtaining such patents, copyrights, trademarks, trade secrets and other rights and protection on and enforcing such Inventions, as the Company may reasonably request, together with any assignments thereof to the Company or persons designated by it. Such obligation to assist the Company shall continue beyond the termination of the Employee's service to the Company, but the Company shall compensate the Employee at a reasonable rate after termination of service for time actually spent by the Employee at the Company's request for such assistance. In the event the Company is unable, after reasonable effort, to secure the

Employee's signature on any document or documents needed to apply for or prosecute any patent, copyright, trademark, trade secret, or other right or protection relating to an Invention, whether because of the Employee's physical or mental incapacity or for any other reason whatsoever, the Employee hereby irrevocably designates and appoints the Company and its duly authorized officers and agents, during the Term of this Agreement and for a period of two years after termination of this Agreement, as his agent coupled with an interest and attorney-in-fact, to act for and in his behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, trademarks, trade secrets, or similar rights or protection thereon with the same legal force and effect as if executed by the Employee.

(d) **Non-Competition.** The Employee agrees not to utilize his special knowledge of the Business and his relationships with customers, prospective customers, suppliers and others or otherwise to compete with the Company in the Business during the Restricted Period. During the Restricted Period, the Employee shall not, and shall not permit any of his respective employees, agents or others under his control, directly or indirectly, on behalf of the Employee or any other Person, to engage or have an interest, anywhere in the world in which the Company conducts business or markets or sells its products, alone or in association with others, as principal, officer, agent, employee, director, partner or stockholder (except as an owner of two percent or less of the stock of any company listed on a national securities exchange or traded in the over-the-counter market), whether through the investment of capital, lending of money or property, rendering of services or capital, or otherwise, in any Competitive Business. During the Restricted Period, the Employee shall not, and shall not permit any of his respective employees, agents or others under his control, directly or indirectly, on behalf of the Employee or any other Person, to accept Competitive Business from, or solicit the Competitive Business of any Person who is a customer of the Business conducted by the Company, or, to the Employee's knowledge, is a customer of the Business conducted by the Company at any time during the Restricted Period.

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(e) **Non-Disparagement and Non-Interference.** The Employee shall not, either directly or indirectly, (i) during the Restricted Period, make or cause to be made, any statements that are disparaging or derogatory concerning the Company or its business, reputation or prospects; (ii) during the Restricted Period, request, suggest, influence or cause any party, directly or indirectly, to cease doing business with or to reduce its business with the Company or do or say anything which could reasonably be expected to damage the business relationships of the Company; or (iii) at any time during or after the Restricted Period, use or purport to authorize any Person to use any Intellectual Property owned by the Company or exclusively licensed to the Company or to otherwise infringe on the intellectual property rights of the Company.

(f) **Non-Solicitation.** During the Restricted Period, the Employee shall not recruit or otherwise solicit or induce any Person who is an employee or consultant of, or otherwise engaged by Company, to terminate his or her employment or other relationship with the Company, or such successor, or hire any person who has left the employ of the Company during the preceding one year.

(g) **Certain Definitions.** For purposes of this Agreement: (i) the term "Business" shall mean the business of (A) manufacturing and distributing safety and survivability equipment for first responders; and (B) any other business that the Company or its subsidiaries may be engaged in during the Term of this Agreement; (ii) the term "Competitive Business" shall mean any business competitive with the Business; and (iii) the term "Restricted Period" shall mean the Term of this Agreement and a period of two years after termination of this Agreement; provided, that, if Employee breaches the covenants set forth in this Section 5, the Restricted Period shall be extended for a period equal to the period that a court having jurisdiction has determined that such covenant has been breached. "Person" shall mean an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization or other entity and a government or any department or agency thereof.

**6. Remedies.** The restrictions set forth in Section 5 are considered by the parties to be fair and reasonable. The Employee acknowledges that the restrictions contained in Section 5 will not prevent him from earning a livelihood. The Employee further acknowledges that the Company would be irreparably harmed and that monetary damages would not provide an adequate remedy in the event of a breach of the provisions of Section 5. Accordingly, the Employee agrees that, in addition to any other remedies available to the Company, the Company shall be entitled to injunctive and other equitable relief to secure the enforcement of these provisions. In connection with seeking any such equitable remedy, including, but not limited to, an injunction or specific performance, the Company shall not be required to post a bond as a condition to obtaining such remedy. In any such litigation, the prevailing party shall be entitled to receive an award of reasonable attorneys' fees and costs. If any provisions of Sections 5 or 6 relating to the time period, scope of activities or geographic area of restrictions is declared by a court of competent jurisdiction to exceed the maximum permissible time period, scope of activities or geographic area, the maximum time period, scope of activities or geographic area, as the case may be, shall be reduced to the maximum which such court deems enforceable. If any provisions of Sections 5 or 6 other than those described in the preceding sentence are adjudicated to be invalid or unenforceable, the invalid or unenforceable provisions shall be deemed amended (with respect only to the jurisdiction in which such adjudication is made) in such manner as to render them enforceable and to effectuate as nearly as possible the original intentions and agreement of the parties. For purposes of this Section 6, all references to the Company shall be deemed to include the Company's affiliates and subsidiaries, whether now existing or hereafter established or acquired.

**7. Termination.** This Agreement shall terminate at the end of the Term set forth in Section 1. In addition, this Agreement may be terminated prior to the end of the Term set forth in Section 1 upon the occurrence of any of the events set forth in, and subject to the terms of, this Section 7. For purposes of this Section 7, the term "stock options" shall include the Stock Options and the term "restricted stock" shall include the Restricted Stock.

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(a) **Death or Permanent Disability.** If the Employee dies or becomes permanently disabled, this Agreement shall terminate effective upon the Employee's death or when his disability is deemed to have become permanent. If the Employee is unable to perform his normal duties for the Company because of illness or incapacity (whether physical or mental) for 45 consecutive days during the Term of this Agreement, or for 60 days (whether or not consecutive) out of any calendar year during the Term of this Agreement, his disability shall be deemed to have become permanent. If this Agreement is terminated on account of the death or permanent disability of the Employee, then the Employee or his estate shall be entitled to receive accrued Base Compensation through the date of such termination, all granted but unvested stock options and unvested restricted stock (but not including the Restricted Stock awarded pursuant to Section 3(e)) held by the Employee shall immediately vest, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee or the Employee's estate, as applicable, shall have no further entitlement to Base Compensation, bonus, stock options or benefits from the Company following the effective date of such termination, except as provided in Section 3(b) of this Agreement; provided, however, that any bonus pursuant to Section 3(b) of this Agreement shall be paid only for the year in which such termination occurred pro rated for the portion of such year prior to such termination and shall be paid at such time as the Board determines the bonuses for all senior executive officers of the Company for such year, but no later than the date that is two weeks after the filing of the Company's Form 10-K for the year in which it was earned.

(b) **Cause.** This Agreement may be terminated at the Company's option, immediately upon notice to the Employee, upon the occurrence of any of the following ("Cause"): (i) breach by the Employee of any material provision of this Agreement and the expiration of a 10-business day cure period for such breach after written notice thereof has been given to the Employee (which cure period shall not be applicable to clauses (ii) through (vii) of this Section 7(b)); (ii) gross negligence or willful misconduct of the Employee in connection with the performance of his duties under this Agreement; (iii) Employee's failure to perform any reasonable directive of the Board; (iv) fraud, criminal conduct, dishonesty or embezzlement by the Employee; (v) Employee's violation of the Company's Code of Business Conduct and Ethics and/or Code of Ethics for Senior Executive Officers and Senior Financial Officers (each as currently in effect and/or as amended from time to time); (vi) Employee's violation of the Company's policies prohibiting unlawful employment discrimination, retaliation or harassment, including sexual harassment which includes but is not limited to engaging in or aiding and abetting any act of employment discrimination, retaliation or harassment including sexual harassment; (vii) Employee's misappropriation for personal use of any assets (having in excess of nominal value) or business opportunities of the Company; (viii) Employee's violation of any contractual, statutory, or fiduciary duty owed by Employee to the Company or any of its affiliates; or (ix) Employee's failure to cooperate in good faith with a governmental or internal investigation of the Company, its

subsidiaries or affiliates, or their directors, officers or employees, if the Company has reasonably requested Employee's cooperation. If this Agreement is terminated by the Company for Cause, then the Employee shall be entitled to receive accrued Base Compensation through the date of such termination, all stock options, whether vested or unvested, will be forfeited by the Employee and be null and void, all granted but unvested restricted stock shall be forfeited and be null and void, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee shall have no further entitlement to Base Compensation, bonus, stock options, or benefits from the Company following the effective date of such termination; provided, however, that in the event of a termination for Cause pursuant to Section 7(b)(iii) hereof, the Employee shall be entitled to retain any vested stock options, but subject to the terms and conditions thereof.

(c) **Without Cause.** This Agreement may be terminated, at any time by the Company without Cause immediately upon giving written notice to the Employee of such termination. Upon the termination of this Agreement by the Company without Cause, the Employee shall be entitled to receive one year of Base Compensation and reimbursement of any COBRA premium payments made by the Employee during such one-year period provided the Employee executes a Separation Agreement and General Release Agreement that is satisfactory to the Company and upon receipt of a COBRA billing statement, in each case payable in accordance with the Company's normal payroll practices, subject to withholding for applicable taxes and other amounts. All granted but unvested stock options and all unvested restricted stock (but not including the Restricted Stock awarded pursuant to Section 3(e)) held by the Employee shall immediately vest, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee shall have no further entitlement to Base Compensation, bonus, stock options or benefits from the Company following the effective date of such termination. This Section 7(c) shall not apply if the Employee is terminated by the Company and Section 7(e) applies.

(d) **By Employee.** The Employee may terminate this Agreement at any time upon providing the Company with 90 days' prior written notice. If this Agreement is terminated by the Employee pursuant to this Section 7(d), then the Employee shall be entitled to receive his accrued Base Compensation and benefits through the effective date of such termination, all granted but unvested stock options and all unvested restricted stock shall be forfeited and be null and void, awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded and the Employee shall have no further entitlement to Base Compensation, bonus, stock options, or benefits from the Company following the effective date of such termination.

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(e) **Change in Control.** Upon the occurrence of a Change in Control (as hereinafter defined), the Employee shall have the right to terminate this Agreement within 30 days following the occurrence of such Change in Control; provided, however, that if requested to do so by the Company or the acquiror of the business of the Company in such Change of Control, the Employee shall provide consulting services to the Company or such acquiror, as applicable, for transition purposes for a period of up to six months following the effective date of such Change in Control and his termination of this Agreement, and the Company or such acquiror shall pay consulting fees to the Employee for such six month period in an amount equal to the compensation he would have otherwise received under this Agreement had it been in effect for such six month period. Upon the termination of this Agreement by either party within 30 days following the occurrence of a Change in Control (other than a termination by the Company for Cause during such period, in which event the provisions of Section 7(b) shall apply), the Employee shall be entitled to receive one year of Base Compensation in one lump sum within five business days after the effective date of such termination and reimbursement of any COBRA premium payments made by the Employee during such one-year period provided the Employee executes a Separation Agreement and General Release Agreement that is satisfactory to the Company and upon receipt of a COBRA billing statement, subject to withholding for applicable taxes and other amounts, all granted but unvested stock options and all unvested restricted stock (but not including the Restricted Stock awarded pursuant to Section 3(e)) held by the Employee shall immediately vest, and awards under the Phantom Plan and the LTIP Plan shall be subject to the terms of the respective Plan and Award Agreement under which they were awarded; provided, however, that if the Company or the acquiror described above requests Employee to provide the consulting services described above, then the one year of Base Compensation that is payable in one lump sum shall become due and payable in one lump sum upon the expiration of such consulting period, and shall not be payable if the Employee does not render such consulting services. For purposes of this Agreement, a "Change in Control" of the Company shall be deemed to have occurred in the event that: (i) individuals who, as of the date hereof, constitute the Board cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Board shall be considered as though such individual was a member of the Board as of the date hereof; (ii) the Company shall have been sold by either (A) a sale of all or substantially all its assets, or (B) a merger or consolidation, other than any merger or consolidation pursuant to which the Company acquires another entity, or (C) a tender offer, whether solicited or unsolicited; or (iii) any party, other than the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of voting securities of the Company representing 40% or more of the total voting power of all the then-outstanding voting securities of the Company; provided, that no event shall constitute a Change in Control unless such event is a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company, pursuant to Section 409A(a)(2)(A)(v) of the Internal Revenue Code of 1986, as amended (the "Code").

(f) **Return of Payments and Cancellation of Benefits.** In the event that the Employee fails to comply with any of his obligations under this Agreement, including, without limitation, the covenants contained in Section 5 hereof, or it is determined that the Employee engaged in conduct which would constitute cause for termination as set forth in 7(b) of this Agreement, the Employee shall repay to the Company any payments received by the Employee in respect of the one year Base Compensation required to be paid pursuant to Section 7(c) or Section 7(e) hereof as of the date of such failure to comply, the Company's obligation to provide the remainder, if any, of such one year Base Compensation shall terminate and be null and void as of such date, and the Employee will have no further rights in or to such amounts and benefits.

(g) **Cooperation.** Following the expiration and/or termination of this Agreement for any reason, Employee shall provide his reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring during Employee's employment hereunder; provided the Company shall reimburse Employee for Employee's reasonable costs and expenses incurred in connection therewith and such cooperation shall not unreasonably burden Employee or unreasonably interfere with any subsequent employment that Employee may undertake.

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## **8. Parachute Payments.**

(a) Notwithstanding any other provisions of this Agreement or any other Company plan, arrangement or agreement ("Company Arrangement"), in the event that any payment or benefit by the Company or otherwise to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Section 7 above, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the Total Payments shall be reduced (but not below zero) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments. Any such reduction shall be made by the Company in its sole discretion consistent with the requirements of Section 409A of the Code ("Section 409A").

(b) Any determination required under this Section 8, including whether any payments or benefits are parachute payments, shall be made by the Company in its sole discretion. The Employee shall provide the Company with such information and documents as the Company may reasonably request in order to make a determination under this Section 8. The Company's determinations shall be final and binding on the Company and the Employee.

(c) In the event it is later determined that to implement the objective and intent of this Section 8, (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by Employee to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess

amount shall be paid or provided promptly by the Company to Employee, except to the extent the Company reasonably determines would result in imposition of an excise tax under Section 409A.

**9. Miscellaneous.**

(a) **Survival.** The provisions of Sections 4, 5, 6, 7, 8 and 9 shall survive the termination of this Agreement.

(b) **Entire Agreement.** This Agreement sets forth the entire understanding of the parties and, except as specifically set forth herein, merges and supersedes any prior or contemporaneous agreements between the parties pertaining to the subject matter hereof.

(c) **Modification.** This Agreement may not be modified or terminated orally, and no modification, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.

(d) **Waiver.** Failure of a party to enforce one or more of the provisions of this Agreement or to require at any time performance of any of the obligations hereof shall not be construed to be a waiver of such provisions by such party nor to in any way affect the validity of this Agreement or such party's right thereafter to enforce any provision of this Agreement, nor to preclude such party from taking any other action at any time which it would legally be entitled to take.

(e) **Successors and Assigns.** Neither party shall have the right to assign this Agreement, or any rights or obligations hereunder, without the consent of the other party; provided, however, that upon the sale of all or substantially all of the assets, business and goodwill of the Company to another company, or upon the merger or consolidation of the Company with another company, this Agreement shall inure to the benefit of, and be binding upon, both Employee and the company purchasing such assets, business and goodwill, or surviving such merger or consolidation, as the case may be, in the same manner and to the same extent as though such other company were the Company; and provided, further, that the Company shall have the right to assign this Agreement to any affiliate or subsidiary of the Company. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their legal representatives, heirs, successors and assigns.

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(f) **Communications.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been given at the time personally delivered, sent by electronic mail or facsimile transmission provided the receiving party has a compatible device or confirms receipt thereof (which forms of notice shall be deemed delivered upon confirmed transmission or confirmation of receipt), or when mailed in any United States post office enclosed in a registered or certified postage prepaid envelope and addressed to the addresses set forth below, or to such other address as any party may specify by notice to the other party; provided, however, that any notice of change of address shall be effective only upon receipt.

*If to the Company:*

Cadre Holdings, Inc.  
13386 International Pkwy  
Jacksonville, FL 32218  
Facsimile:  
Email: brad.williams@safariland.com  
Attention: Brad Williams

*With a copy to:*

Kane Kessler, P.C.  
600 Third Avenue, 35<sup>th</sup> Floor  
New York, New York 10016  
Facsimile: (212) 245-3009  
Email: rlawrence@kanekessler.com  
Attention: Robert L. Lawrence, Esq.

*If to the Employee:*

Blaine Browers  
132 Clearlake Drive  
Ponte Vedra, FL 32082  
Email:

(g) **Severability.** If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity and enforceability of the other provisions of this Agreement and the provisions held to be invalid or unenforceable shall be enforced as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability.

(h) **Jurisdiction; Venue; Waiver of Jury Trial.** This Agreement shall be subject to the non-exclusive jurisdiction of the federal courts or state courts of the State of Delaware, County of New Castle, for the purpose of resolving any disputes among them relating to this Agreement or the transactions contemplated by this Agreement and waive any objections on the grounds of forum non conveniens or otherwise. The parties hereto agree to service of process by certified or registered United States mail, postage prepaid, addressed to the party in question. The prevailing party in any proceeding instituted in connection with this Agreement shall be entitled to an award of its/his reasonable attorneys' fees and costs. The parties hereto irrevocably waive the right to a jury trial in connection with any action arising under this Agreement or the employment of Employee.

(i) **Governing Law.** This Agreement is made and executed and shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

(j) **Counterparts.** This Agreement may be executed in any number of counterparts (and by facsimile or other electronic signature), but all counterparts will together constitute but one agreement.

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(k) **Third Party Beneficiaries.** This Agreement is for the sole and exclusive benefit of the parties hereto and, except as provided herein, shall not be deemed

for the benefit of any other person or entity.

(l) **Headings and References.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References in this Agreement to any section refer to such section of this Agreement unless the context otherwise requires.

(m) **Section 409A.**

(i) **General.** The parties to this Agreement intend that the Agreement complies with Section 409A, where applicable, and this Agreement shall be interpreted in a manner consistent with that intention. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A.

(ii) **Separation from Service.** Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Agreement as payable upon Employee's termination of employment, the termination of this Agreement or the termination of Employee's consulting services shall be payable only upon Employee's "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service").

(iii) **Specified Employee.** Notwithstanding anything in this Agreement to the contrary, if Employee is deemed by the Company at the time of Employee's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Employee is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Employee's benefits shall not be provided to Employee prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of Employee's Separation from Service with the Company or (B) the date of Employee's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Employee (or Employee's estate or beneficiaries), and any remaining payments due to Employee under this Agreement shall be paid as otherwise provided herein.

(iv) **Expense Reimbursements.** To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Employee shall be paid to Employee no later than December 31<sup>st</sup> of the year following the year in which the expense was incurred; *provided*, that Employee submits Employee's reimbursement request promptly following the date the expense is incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Employee's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) **Installments.** Employee's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

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(vi) **Release.** Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Employee's Separation from Service are subject to Employee's execution and delivery of a Separation Agreement and General Release Agreement ("Release"), in any case where Employee's date of Separation from Service and Release Expiration Date (as defined below) fall in two separate taxable years, any payments required to be made to Employee that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes hereof, "Release Expiration Date" shall mean the date that is twenty-one (21) days following the date upon which the Company timely delivers the Release to Employee, or, in the event that Employee's Separation from Service is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date. To the extent that any payments of nonqualified deferred compensation (within the meaning of Section 409A) due under this Agreement as a result of Employee's Separation from Service are delayed pursuant to this Section 9(m)(vi), such amounts shall be paid in a lump sum on the first payroll period to occur in the subsequent taxable year.

(n) **Recovery of Compensation.** All payments and benefits provided under this Agreement shall be subject to any compensation recovery or clawback policy as required under applicable law, rule or regulation or otherwise adopted by the Company from time to time.

(o) **Participation of the Parties.** The parties hereto acknowledge and agree that (i) this Agreement and all matters contemplated herein have been negotiated among all parties hereto and their respective legal counsel, if any, (ii) each party has had, or has been afforded the opportunity to have, this Agreement and the transactions contemplated hereby reviewed by independent counsel of its own choosing, (iii) all such parties have participated in the drafting and preparation of this Agreement from the commencement of negotiations at all times through the execution hereof, and (iv) any ambiguities contained in this Agreement shall not be construed against any party hereto.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, each of the parties hereto has duly executed this Employment Agreement as of the date set forth above.

**CADRE HOLDINGS, INC.**

By: /s/ WARREN B. KANDERS

Name: Warren B. Kanders

Title: Chief Executive Officer

/s/ BLAINE BROWERS

Blaine Browsers

(Signature Page to Employment Agreement of BB)



## SUBSIDIARIES OF CADRE HOLDINGS, INC.

The following are subsidiaries of Cadre Holdings, Inc. as of July 1, 2021 and the jurisdictions in which they are organized.

Company	State or Jurisdiction of Incorporation/Organization
Safariland, LLC	Delaware
Safariland Global Sourcing, LLC	Delaware
Horsepower, LLC	Delaware
Sencan Holdings, LLC	Delaware
Med-Eng, LLC	Delaware
Atlantic Tactical, Inc.	Pennsylvania
GH Armor Systems Inc.	Delaware
Defense Technology, LLC	Delaware
Safariland Distribution, LLC	Delaware
Lawmen's Distribution, LLC	Delaware
United Uniform Distribution, LLC	Delaware
Safariland Internacional S.A. de C.V.	Mexico
The Safariland Group Hong Kong Limited	Hong Kong
The Safariland Group Nederland B.V.	Netherlands
UAB Safariland Lithuania	Lithuania
The Safariland Group SPRL	Belgium
Med-Eng Holdings ULC	British Columbia
Pacific Safety Products Inc.	Canada
TSG UK Investment Holdings Limited	England and Wales
Safariland UK Holding Limited	England and Wales
Safariland UK Ltd.	England and Wales
LBA International Limited	England and Wales
SenCan Limited	England and Wales

**Consent of Independent Registered Public Accounting Firm**

We consent to the use of our report dated May 7, 2021, with respect to the consolidated financial statements of Cadre Holdings, Inc., included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Jacksonville, Florida  
July 12, 2021

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