

# **ECAPITAL BOND CORP.**

**Confidential**

## **OFFERING MEMORANDUM**

### **Class A Common Shares and Secured Debentures**

**May 9, 2023**

**This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted and delivered in connection with this Offering for the purpose of evaluating the securities offered under this Offering Memorandum. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum and any information contained herein. No person – whether from the issuer or other party - has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.**

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See ITEM 8 - Risk Factors.**

## Confidential Offering Memorandum

Date: May 9, 2023  
 The Issuer: eCapital Bond Corp.  
 Address: 155 University Ave., Suite 1220, Toronto, Ontario M5H 3B7  
 Phone / Fax: 416-240-8310 / 1-866-479-0458  
 Email: SMcDonald@ecapital.com

Currently listed or quoted? No. These securities do not trade on any exchange or market.  
 Reporting Issuer? / SEDAR Filer? No. / No.

### The Offering

<b>Securities Offered</b>	<p>The Issuer is offering Class A Common Shares, in the capital of the Issuer, issuable in series (the “<b>Class A Common Shares</b>”), 8.00% three (3) year secured debentures (the “<b>8% Secured Debentures</b>”); five (5) year secured debentures (the “<b>Series 2 Debentures</b>”), and negotiable interest six (6) month, one (1) year or eighteen (18) month secured debentures (the “<b>Series 4 Debentures</b>”) (collectively, the “<b>Debentures</b>”, and together with the Class A Common Shares, the “<b>Securities</b>”)</p> <p>The Securities will be offered in series (each a “<b>Series</b>”) with each Series having substantially the same rights subject to timing differences related to the date of issuance. Each Series shall correspond to a Closing Date (defined below) and functional currency (being either CAD or USD in respect of the Debentures, and in the case of the Class A Common Shares, CAD, USD, GBP or EUR).</p> <p><b>See Item 5.1 for details regarding the Securities offered.</b></p>
<b>Currency of Subscription</b>	<p>Unless stated otherwise, all references to currency are in the lawful currency of Canada. Debentures may be subscribed for in either CAD or USD. Class A Common Shares may be subscribed for in either CAD, USD, GBP or EUR. Payments and redemptions will be made in the currency of subscription. <b>See ITEM 5.2 - Subscription Procedure.</b></p>
<b>Price Per Security</b>	<p>Securities are issuable in multiples of \$1,000 in either CAD or USD (in respect of Debentures and Class A Common Shares), and €1,000 EUR or £1,000 GBP per Security in respect of Class A Common Shares. <b>See ITEM 5.2 - Subscription Procedure.</b></p>
<b>Maximum Offering</b>	<p>\$500,000,000 (500,000 Debentures) and up to \$200,000,000 (200,000 Class A Common Shares). The Maximum Offering Amount of Debentures amount provides for an additional 7% in excess of \$500,000,000 as a temporary increase to provide for timing differences between maturities of existing Debentures and issuances of new Debentures. For the purposes of determining the availability of Debentures the currency of issuance shall be converted into the relevant currency at the time of issuance and in respect of the Class A Common Shares, currencies, other than CAD, shall be converted into CAD on the date of issuance of such security.</p>
<b>Minimum Aggregate Offering</b>	<p><b>There is no minimum. You may be the only Subscriber. Funds available under the Offering may not be sufficient to accomplish the Issuer’s proposed objectives.</b></p>
<b>Minimum Subscription Amount Per Investor</b>	<p>CAD\$150,000 or USD\$150,000 (150 Securities), or in such other minimum denominations as may be accepted by the Issuer from time to time.</p>
<b>Payment Terms</b>	<p>Payment of the subscription price in full, by wire, certified cheque, or bank draft to be made with the delivery of a duly executed and completed subscription agreement. <b>See ITEM 5.2 - Subscription Procedure.</b></p>
<b>Proposed Closing Date(s)</b>	<p>Closings will take place periodically, at the Issuer’s discretion (each a “<b>Closing Date</b>”). The initial Closing Date of Debentures occurred on January 15, 2015.</p>
<b>Securities Issued in Series</b>	<p>Securities will be issued in series based on the Closing Date and corresponding Maturity Date, if applicable. Each series of a particular Security (Class A Common Shares or Debentures) shall rank <i>pari passu</i> with all other series of that Security under this Offering without priority amongst themselves. The Debentures are secured obligations of the Issuer and shall have priority over all unsecured obligations of the Issuer. <b>See ITEM 5.2 - Subscription Procedure.</b></p>

<b>Interest on Debentures</b>	Each Debenture will entitle the Debentureholder to interest payable by the Issuer at the specified percentage per annum with the interest payable with respect of the Series 4 Debentures to be set at the time of subscription. Interest with respect to the 8% Secured Debentures and the Series 4 Debentures shall be payable on a monthly basis, fifteen (15) days in arrears on the 15th of each month of each year during the term of the Debentures. Interest with respect to the Series 2 Debentures shall be payable in arrears on the 15th of each January, April, July and October of each year during the term of the Debentures. There shall be no interest payable on any accrued interest amounts.
<b>Dividends in respect of Class A Common Shares</b>	The Issuer expects to declare a monthly dividend on each Class A Common Share in the amount of 1% of the subscription price (12% annualized), payable on the 15th day of the calendar month following the month in which it is declared. The source of cash to pay such dividends is expected to be the annual interest to be paid to the Issuer in respect of the Secured Subordinated Loans. Such dividends can be paid only when, as and if declared by the board of directors of the Issuer in its discretion and subject to any applicable regulatory requirements. Accordingly, the monthly dividend, if declared, may be more or less than 1%. <b>See ITEM 5.2 – Terms of Securities.</b>
<b>Income Tax Consequences</b>	There are important tax consequences to investing in these securities. <b>See ITEM 6 - Income Tax Consequences.</b>
<b>Purchasers' Rights</b>	<b>You have two (2) business days to cancel your agreement to purchase these Securities. If there is a Misrepresentation (defined herein) in this Offering Memorandum, you have the right to sue either for damages or to elect to exercise a right to rescission and cancel the agreement. See ITEM 11 - Purchasers' Rights.</b>
<b>Resale Restrictions</b>	<b>You will not be able to sell these Securities except in very limited circumstances. You may never be able to resell these Securities. However, (i) all Securities are subject to certain redemption or repurchase rights of the Issuer, and (ii) the holders of Class A Common Shares have certain rights to request that eCapital Group purchase certain of their respective Class A Common Shares (in which case eCapital Group may or may not agree to such purchase), but may not require the Issuer to redeem the Class A Common Shares other than upon the occurrence of a Sale Event. See ITEM 5 – Securities Offered and Purchase Rights, and ITEM 10 - Resale Restrictions.</b>
<b>Selling Agents</b>	Westcourt Capital Corporation (“ <b>Westcourt</b> ”) has been appointed as an agent of the Issuer in the sale of the 8% Secured Debentures and the Series 4 Debentures. The Issuer may engage other agents in the sale of the 8% Secured Debentures and the Series 4 Debentures from time to time on terms to be agreed. The Issuer may use multiple agents in the sale of Class A Common Shares, including for the avoidance of any doubt Westcourt. <b>See ITEM 7 - Compensation Paid to Sellers and Finders.</b>

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See ITEM 8 - Risk Factors.**

## TABLE OF CONTENTS

<b>NOTE REGARDING FORWARD-LOOKING STATEMENTS</b> .....	<b>1</b>
<b>NOTE REGARDING USE OF THE ENGLISH LANGUAGE</b> .....	<b>1</b>
<b>GLOSSARY OF TERMS</b> .....	<b>2</b>
<b>ITEM 1 - USE OF AVAILABLE FUNDS</b> .....	<b>6</b>
1.1 Available Funds.....	6
1.2 Use of Available Funds.....	6
1.3 Reallocation.....	6
1.4 Future Cash Calls.....	7
<b>ITEM 2 - BUSINESS OF THE ISSUER</b> .....	<b>7</b>
2.1 Corporate Structure.....	7
2.2 Current Business of the Issuer, eCapital Group, eCapital Trust and the Security Trustee .....	7
2.2.1 Transaction Structure Diagram .....	7
2.2.2 eCapital Bond Corp. (the “Issuer”) .....	8
2.2.3 eCapital Trust.....	9
2.2.4 Computershare Trust Company of Canada (the “Security Trustee”).....	9
2.2.5 eCapital Holdings Corp. (formerly, Global Merchant Fund Corp.) (“eCapital Holdings”) .....	9
2.2.6 eCapital Group Corp. (formerly, Global Merchant Holdings, Corp.) (“eCapital Group”).....	9
2.2.7 eCapital Corp. ....	10
2.2.8 eCapital Enterprises Corp. (formerly, GMF Enterprises USA Inc.) (“eCapital EC”) .....	10
2.3 Related Party Matters.....	11
2.4 Senior Team.....	11
2.5 Investment Flow Chart .....	12
2.6 Development of Business .....	12
2.7 Long Term Objectives.....	12
2.8 Short Term Objectives and How the Issuer Intends to Achieve Them .....	13
2.9 Insufficient Funds .....	13
2.10 Material Agreements and Obligations.....	13
2.10.1 eCapital Trust GSA, the eCapital Group GSA, the eCapital Trust Subordinated GSA and the eCapital Group Subordinated GSA.....	13
2.10.2 Subscription Agreement .....	14
2.10.3 Trust Indenture .....	14
2.10.4 CDS Agreements.....	15
2.10.5 Management Agreement .....	15
2.10.6 Over-Collateralization Covenant.....	15
2.10.7 eCapital Group Guarantee and eCapital Trust Guarantee .....	15
2.10.8 EGC Note, eCapital Trust Note, EGC Subordinated Note, and the eCapital Trust Subordinated Note .....	16
<b>ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS</b> .....	<b>16</b>
3.1 Compensation and Securities Held.....	16
3.2 Management Experience .....	16
3.3 Penalties, Sanctions and Bankruptcy.....	17
3.4 Loans .....	17

<b>ITEM 4 - CAPITAL STRUCTURE [TO BE UPDATED CLOSER TO FINALIZATION]</b> .....	<b>17</b>
4.1 <i>Share Capital</i> .....	17
4.2 <i>Long Term Debt</i> .....	19
4.3 <i>Prior Sales</i> .....	19
<b>ITEM 5 - SECURITIES OFFERED</b> .....	<b>20</b>
5.1 <i>Terms of Securities</i> .....	20
5.2 <i>Subscription Procedure</i> .....	23
<b>ITEM 6 - INCOME TAX CONSEQUENCES</b> .....	<b>24</b>
6.1 <i>Canadian Federal Income Tax Considerations for Debentures</i> .....	24
6.2 <i>Canadian Federal Income Tax Considerations for Class A Common Shares</i> .....	27
<b>ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS</b> .....	<b>28</b>
<b>ITEM 8 - RISK FACTORS</b> .....	<b>28</b>
<b>ITEM 9 - REPORTING OBLIGATIONS</b> .....	<b>34</b>
9.1 <i>Reporting to Debentureholders and Class A Shareholders</i> .....	34
<b>ITEM 10 - RESALE RESTRICTIONS</b> .....	<b>34</b>
10.1 <i>General Statement</i> .....	34
10.2 <i>Restricted Period</i> .....	34
<b>ITEM 11 - PURCHASERS' RIGHTS</b> .....	<b>34</b>
11.1 <i>Two (2) Day Cancellation Right for a Subscriber</i> .....	34
11.2 <i>Statutory Rights of Action in the Event of a Misrepresentation</i> .....	35
11.3 <i>Contractual Right of Action in the Event of a Misrepresentation</i> .....	39
<b>ITEM 12 – AUDITED ANNUAL FINANCIAL STATEMENTS</b> .....	<b>40</b>
<b>SCHEDULE “A” – FORM OF SUBSCRIPTION AGREEMENT</b> .....	<b>i</b>

This Offering is being made pursuant to the “accredited investor” exemption from the prospectus and registration requirements of applicable securities legislation contained in s. 73.3(2) of the *Securities Act* (Ontario) and s. 2.3 of National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”) and other securities laws applicable in those Provinces and Territories of Canada where the Offering will be made. – See **Item 5.2(b) - Distribution**.

This Offering Memorandum constitutes an offering of securities only in those jurisdictions and only to those persons to whom they may be lawfully offered for sale in the Offering Jurisdictions. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities in any jurisdiction.

This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted and delivered in connection with this Offering for the purpose of evaluating the securities offered under this Offering Memorandum. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum and any information contained herein. No person – whether from the issuer or other party - has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

#### **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Offering Memorandum contains forward-looking statements. These statements relate to future events or the Issuer’s future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “continue”, or the negative of these terms or other comparable terminology. These statements are only predictions. In addition, this Offering Memorandum may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Issuer is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Issuer’s expectations except as otherwise required by applicable securities legislation.

#### **NOTE REGARDING USE OF THE ENGLISH LANGUAGE**

This Offering Memorandum is provided only in the English language and by their acceptance of this Offering Memorandum recipients expressly agree to the exclusive use of the English language with respect to this Offering Memorandum and all matters related thereto to the fullest extent permissible under applicable laws.

Ce notice d’offre est fourni seulement dans la langue anglaise et en acceptant ce notice d’offre le receveur accepte expressément l’utilisation exclusive de la langue anglaise en ce qui concerne ce notice d’offre et toutes les affaires qui s’y rapportent dans toutes les mesures possibles autorisées par les lois applicables.

## **GLOSSARY OF TERMS**

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

**“8% Secured Debentures”** means the 8% three (3) year secured debentures of the Issuer having the terms and conditions set forth in the Trust Indenture.

**“Affiliated Companies”** means affiliated companies as defined in Section 1(1) of the *Business Corporations Act* (Ontario).

**“Ares Facility”** means the Credit Agreement dated as of January 31, 2020, among Ares Capital Corporation, as agent for the Lenders identified therein, and certain Affiliated Companies of eCapital Group, as it may be amended, restated or replaced from time to time.

**“BOA Facility”** means the Second Amended and Restated Credit Agreement dated as of November 18, 2019, among Bank of America, N.A. as agent for the Lenders identified therein, and certain Affiliated Companies of eCapital Group, as it may be amended, restated or replaced from time to time.

**“Book-Based Only Debentures”** means Debentures issued under the Trust Indenture in a non-certificated form which are held only on a book-based (electronic) register maintained by the Security Trustee.

**“Book-Based Only Class A Common Shares”** means Class A Common Shares issued in a non-certificated form which are held only on a book-based (electronic) register maintained by CDS and the Security Trustee as a transfer agent.

**“Business Day”** means any day other than a Saturday, Sunday or a civic or statutory day in the Province of Ontario.

**“CAD”** means lawful currency of Canada.

**“CDS”** means CDS Clearing and Depository Services Inc.

**“Class A Common Shareholder(s)”** means the registered holder(s) of the Class A Common Shares.

**“Class A Common Shares”** means the non-voting Class A common shares of the Issuer, issuable in series offered for sale pursuant to this Offering.

**“Closing Date”** is defined in the summary of this Offering Memorandum.

**“Common Shares”** means the voting common shares of the Issuer.

**“Debentureholder”** means a registered holder of one or more Debentures.

**“Debentures”** means the 8% Secured Debentures, the Series 2 Debentures and the Series 4 Debentures, collectively.

**“eCapital EC”** means eCapital Enterprises Corp. (formerly, GMF Enterprises USA, Inc.) (See **Item 2.1 – Corporate Structure.**)

**“eCapital Group”** means eCapital Group Corp. (formerly, Global Merchant Holdings, Corp.) (See **Item 2.1 – Corporate Structure.**)

**“eCapital Group Guarantee”** means the guarantee provided by eCapital Group, as more particularly described **Item 2.10.7.**

**“eCapital Trust Guarantee”** means the guarantee provided by eCapital Trust, as more particularly described **Item 2.10.7.**

**“eCapital Group GSA”** means the General Security Agreement executed by eCapital Group in favour of the Issuer in respect of Secured Priority Loans.

**“eCapital Group Subordinated GSA”** means the General Security Agreement executed by eCapital Group in favour of the Issuer in respect of Secured Subordinated Loans.

**“eCapital Group Security”** has the meaning ascribed hereto in **Item 2.10.7.**

**“eCapital Holdings”** means eCapital Holdings Corp. (formerly, Global Merchant Fund Corp.) (See **Item 2.2.5 – eCapital Holdings Corp.**)

**“eCapital Trust”** means eCapital Trust Corp. (formerly, Global Merchant Trust Inc.) being the single purpose corporation incorporated under the laws of the Province of Ontario which holds specific eCapital Trust Investments.

**“eCapital Trust Investments”** means the assets owned by eCapital Trust on the date hereof or at any particular time in the future.

**“eCapital Trust GSA”** means the General Security Agreement executed by eCapital Trust in favour of the Issuer in respect of Secured Priority Loans.

**“eCapital Trust Subordinated GSA”** means the General Security Agreement executed by eCapital Trust in favour of the Issuer in respect of Secured Subordinated Loans advanced to eCapital Trust.

**“eCapital Trust Note”** means the secured promissory note issued by eCapital Trust in favour of the Issuer, as further described in **Item 2.12.8**, evidencing Secured Priority Loans made by the Issuer to eCapital Trust from time to time.

**“eCapital Trust Subordinated Note”** means the secured promissory note issued by eCapital Trust in favour of the Issuer, as further described in **Item 2.12.8**, evidencing Secured Subordinated Loans made by the Issuer to eCapital Trust from time to time.

**“eCapital Trust Security”** has the meaning ascribed thereto in **Item 2.10.7**.

**“EGC Note”** means the secured priority promissory note issued by eCapital Group in favour of the Issuer, as further described in **Item 2.12.8**, evidencing Secured Priority Loans made by the Issuer to eCapital Group from time to time.

**“EGC Subordinated Note”** means the secured promissory note issued by eCapital Group in favour of the Issuer, as further described in **Item 2.12.8**, evidencing Secured Subordinated Loans made by the Issuer to eCapital Group from time to time. **“Global Debentures”** means Debentures that are issued to and registered in the name of CDS, or its nominee, for purposes of being held by or on behalf of CDS as custodian for participants in CDS’ book-entry only registration system.

**“Global Class A Common Shares”** means Class A Common Shares that are issued to and registered in the name of CDS, or its nominee, for purposes of being held by or on behalf of CDS as custodian for participants in CDS’ book-entry only registration system.

**“Group”** means eCapital Group and all Subsidiaries of eCapital Group.

**“Group Purposes”** means the purposes for which eCapital Group or eCapital Trust, as applicable, may employ the proceeds of Secured Priority Loans or Secured Subordinated Loans being (i) in respect of eCapital Group such purposes include, without limitation, making Subsidiary Loans, making acquisitions and increasing working capital as more particularly described in **Item 2.2.6**; and (ii) in respect of eCapital Trust, the acquisition of eCapital Trust Investments as the case may be and context requires.

**“Issuer”** means eCapital Bond Corp. (formerly, GMF Series III Inc.), a corporation existing under the laws of Ontario and having its head office in the City of Toronto, in the Province of Ontario.

**“Issuer Assets”** means the Secured Priority Loans, the EGC Note, the eCapital Trust Note, cash and un-deployed proceeds of the sale of Securities, including for avoidance of any doubt the Minimum Liquidity Amount.

**“Management Agreement”** means the Service Level Agreement dated January 1, 2018 between eCapital EC and eCapital Group, as amended from time to time.

**“Material Change”** means (a) a change in the business, operations or capital of the Issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Issuer; or (b) a decision to implement a change referred to in paragraph (a) made by the board of directors or other persons acting in a similar capacity or by senior management of the Issuer who believe that confirmation of the decision by the board of directors or any other person acting in a similar capacity is probable.

**“Maximum Offering Amount”** means the aggregate of 500,000 Debentures in the aggregate principal amount of \$500,000,000 together with the aggregate of \$200,000,000 or 200,000 Class A Common Shares. At the discretion of the Issuer, the principal amount of the Debentures may be increased by up to an additional 7% for an aggregate period not to exceed six (6) months in any twelve (12) month period. For the purposes of determining the availability of Debentures the currency of issuance shall be converted into the relevant currency at the time of issuance and in respect of the Class A Common Shares, currencies, other than CAD, shall be converted into CAD on the date of issuance of such security.

**“Minimum Liquidity Amount”** has the meaning ascribed thereto in **Item 2.2.2**.

**“Monthly Report”** means a report in a form and substance as agreed between the Issuer and the Representative acting reasonably, which the Issuer covenants to cause eCapital Group to issue to the Issuer, the Security Trustee and to the Representative, produced and certified by an officer of eCapital Group as of the last day of each month, to be issued no more than 23 days in arrears thereof, attesting to the Net Assets of the Group and containing a certificate attesting to the Issuer’s compliance with the Over-Collateralization Covenant and the Minimum Liquidity Amount.

**“Net Assets of the Group”** means, as of the date of any particular Monthly Report, the total assets of eCapital Group on a consolidated basis less goodwill and intangible assets, minus the aggregate outstanding principal amount of all Operating Line Debt, minus the principal amount of any client reserves, all as reflected on the then most recent consolidated financial statements of eCapital Group (whether or not audited).

**“NI 45-106”** means National Instrument 45-106 *Prospectus Exemptions*.

**“OCA”** means the *Business Corporations Act* (Ontario).



**“Offering”** means the offering of up to \$500,000,000 USD or CAD aggregate principal amount of Debentures and up to \$200,000,000 Class A Common Shares pursuant to the terms of this Offering Memorandum.

**“Offering Memorandum”** means this document dated September 26, 2022, as it may be amended from time to time.

**“Offering Jurisdictions”** means the Provinces of British Columbia, Alberta, Québec and Ontario.

**“Obligations”** means the indebtedness of the Issuer under the Trust Indenture, the Offering Memorandum, the Debentures and the Issuer’s obligations and covenants under the Trust Indenture, the Offering Memorandum and the Debentures, together with any interest thereon and applicable premium, if any.

**“Operating Line Debt”** means any secured or unsecured senior indebtedness of one or more members of the Group, without duplication, outstanding under credit facilities issued by third parties, which as at the date hereof include only the Ares Facility, the BOA Facility, the RBS Facility and the Wells Facility but which in the future may include other credit facilities in addition to and/or in replacement of any or all the present Operating Line Debt facilities.

**“Operating Subsidiaries”** means the downstream members of the Group with active operating businesses in the areas of factoring or asset-based lending.

**“Over Collateralization Covenant”** means the obligation of the Issuer to cause eCapital Group to ensure that while any Debentures remain outstanding, on the date of any particular Monthly Report, the value of Net Assets of the Group exceeds the then outstanding principal amount of the Secured Priority Loans by at least 10%.

**“PPSA”** means the *Personal Property Security Act* (Ontario), R.S.O. 1990, c. P.10 as amended.

**“RBS Facility”** means the Amended and Restated Facility Agreement dated as of December 20, 2018, among RBS Invoice Finance Limited as agent for the Finance Parties identified therein, and certain Affiliated Companies of eCapital Group, as it may be amended, restated or replaced from time to time.

**“Regulations”** means the Tax Act regulations promulgated under the Tax Act.

**“Representative”** means a representative appointed by the Debentureholders under the Trust Indenture for the purposes of receiving the Monthly Report and such other reporting specified in the Trust Indenture.

**“Registered Plan”** means a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan, or tax-free savings account, each as defined in the Tax Act.

**“Sale Event”** means in respect of the Issuer the sale of all or substantially all of the Issuer’s assets such that the Issuer ceases to carry on business, any merger or consolidation of the Issuer with or into another corporation such that the Issuer or the new corporation formed as a result of such transaction does not thereafter carry on business, any substantive change of control of the Issuer (excluding any reorganization of the Issuer that does not result in any change of ultimate control); a public offering of securities of eCapital Group, or an Affiliated Company thereof involving substantially all of operations of the Group, or a sale of substantially all of the assets of the Group where Group ceases to carry on business excluding any reorganization of Group which does not result in any change of ultimate Control or management of Group.

**“Secured Priority Loans”** means a secured loan of Debenture proceeds, advanced by the Issuer to eCapital Group or eCapital Trust from time to time and evidenced by the EGC Note or the eCapital Trust Note, as applicable.

**“Secured Subordinated Loans”** means a secured loan of proceeds from the issuance of Class A Common Shares, advanced by the Issuer to eCapital Group or eCapital Trust from time to time and evidenced by the EGC Subordinated Note or the eCapital Trust Subordinated Note, as applicable.

**“Securities Act”** means the *Securities Act* (Ontario), as it may be amended from time to time.

**“Series 2 Debentures”** means the five (5) year secured debentures of the Issuer having the terms and conditions set forth in the Trust Indenture.

**“Series 4 Debentures”** means negotiable interest secured debentures with an interest rate to be set at the time of subscription upon agreement by the Issuer and the subscriber having a maturity of either six (6) months, one (1) year or eighteen (18) months and having the terms and conditions set forth in the Trust Indenture.

**“Spot Rate of Exchange”** shall mean the exchange rate quoted by a Schedule “1” Canadian federal financial institutions as defined in the *Bank Act* (Canada) as amended, or a corresponding banking institution in the United States.

**“Subscriber”** means a subscriber for Securities pursuant to this Offering.

**“Securities”** means the Class A Common Shares and the Debentures collectively.

“**Securities Holder**” means a registered holder(s) of Securities.

“**Security Trustee**” means Computershare Trust Company of Canada, a trust company existing under the laws of Canada, having an office in the City of Calgary.

“**Subscription Agreement**” means the subscription agreement entered into between a Subscriber and the Issuer with respect to the subscription and purchase of Securities by a Subscriber under this Offering. The form of subscription agreement with respect to this Offering is attached hereto as **Schedule “A”**.

“**Subsidiary**” means a subsidiary as defined in Section 1(4) of the Securities Act.

“**Subsidiary Loans**” means unsecured loans made indirectly by eCapital Group through Subsidiaries of eCapital Group to its Operating Subsidiaries from time to time, whose proceeds may be used by the respective Subsidiaries for any purposes connected with their businesses.

“**Tax Act**” means the *Income Tax Act* (Canada), as it may be amended from time to time.

“**Trust Indenture**” means the trust indenture, as it may be amended, amended and restated, including by supplemental trust indenture, defined in **Item 2.10.3** of this Offering Memorandum.

“**UCC**” means the *Uniform Commercial Code*, as enacted in the relevant state.

“**United States**” and “**U.S.**” mean the United States of America, its territories and possessions, and “**State**” means any one of the United States or the District of Columbia.

“**Wells Facility**” means the Fourth Amended and Restated Loan and Security Agreement dated as of April 4<sup>th</sup> 2022, among Wells Fargo Capital Finance, LLC, as agent for the Lenders identified therein, and certain Affiliated Companies of eCapital Group, as it may be amended, restated or replaced from time to time.

In this Offering Memorandum, references to “**CAD**”, “**dollars**” and “**\$**” are to the lawful currency of Canada, USD shall mean U.S. currency, “**EUR**” or “**€**” means the official currency of the Eurozone; and “**GBP**” or “**£**” means the official currency of the United Kingdom.

[The remainder of this page has been left blank intentionally.]

## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Minimum Offering	Assuming Maximum Offering
A	Amount to be raised pursuant to this Offering	\$0 <sup>(4)</sup>	\$700,000,000
B	Selling commissions and fees <sup>(1)</sup>	\$0	\$17,000,000
C	Estimated Offering Costs <sup>(2)</sup>	\$0	\$280,000
D	Available funds: D = A – (B + C)	\$0	\$682,720,000
E	Additional sources of funding required <sup>(3)</sup>	Nil	Nil
F	Working Capital Deficiency	Nil	Nil
G	Total: (D – E – F) = G	\$0	\$682,720,000

- (1) Assuming an aggregate 3% of the gross proceeds of this Offering will be paid as selling commissions and fees with respect to the Debentures and 1% per annum of the gross proceeds of this Offering will be paid as selling commissions and fees with respect to the Class A Common Shares, based upon the Maximum Offering Amount. **See ITEM 7 - Compensation Paid to Sellers and Finders**
- (2) Legal, accounting, auditing and due diligence expenses.
- (3) The Issuer does not anticipate requiring additional funds to pursue its business objectives.
- (4) Assumes a discretionary minimum of \$150,000 (150 Securities), or in such other minimum denominations as may be accepted by the Issuer from time to time.

### 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Issuer will use the available funds of this Offering in the twelve (12) months ensuing from the date of this Offering Memorandum:

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering
The available funds of this Offering of the Debentures shall be used by the Issuer to advance Secured Priority Loans and for operating expenses incurred by the Issuer in the conduct of its business. The available funds of this Offering of Class A Common Shares shall be used to fund the Secured Subordinated Loans with funds to be used for Group Purposes. <b>See Item 2.2 - Current Business.</b>	\$682,720,000
<b>Total</b>	<b>\$682,720,000</b>

### 1.3 Reallocation

The Issuer intends to use the available funds of this Offering as stated herein. The Issuer will reallocate the available funds of this Offering only for sound business reasons. The Issuer has covenanted under the terms of the Trust Indenture to not make loans of Debenture proceeds to Affiliated Companies, other than the Secured Priority Loans, unless (A) such loans are secured by a security interest in the property of any such Affiliated Company in favour of the Issuer and (B) such Affiliated Company guarantees the Obligations and grants a first priority security interest in its property to the Security Trustee.

## 1.4 Future Cash Calls

An investor in these securities will not be required to make any additional funds available to the Issuer in addition to the subscription amount paid by such investor.

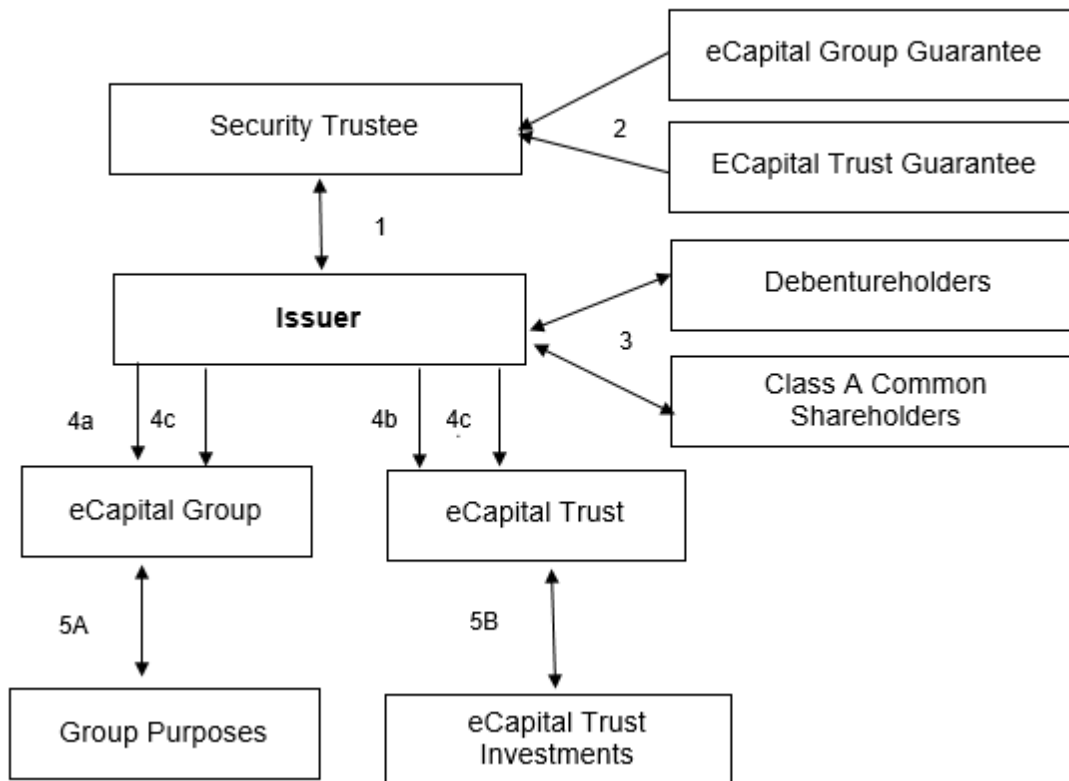
## ITEM 2 - BUSINESS OF THE ISSUER

### 2.1 Corporate Structure

The Issuer, eCapital Bond Corp., was incorporated under the laws of the Province of Ontario (under the OBCA) on December 8, 2014. The Issuer's head and registered office is located at 155 University Ave., Suite 1220, Toronto, Ontario M5H 3B7. The Issuer is a wholly owned subsidiary of eCapital Group, a privately held corporation incorporated under the OBCA. The Issuer is a secured party beneficiary of the security pledged by eCapital Trust. The Issuer is also a secured party beneficiary with respect to assets of eCapital Group. The Issuer changed its name from GMF Series III Inc. to eCapital Bond Corp. in 2020 as part of the Group rebranding.

### 2.2 Current Business of the Issuer, eCapital Group, eCapital Trust and the Security Trustee

#### 2.2.1. Transaction Structure Diagram



1. The Issuer and the Security Trustee enter into the Trust Indenture. Pursuant to the Trust Indenture the Issuer has pledged all of its asset and undertakings (including Issuer Assets and Secured Subordinated Loans) to the Security Trustee on behalf of Debentureholders as first ranking security for payment of the Debentures.
2. In addition to the assets of the Issuer (described in note 1 above), the Debentureholders benefit from and have recourse against eCapital Group and eCapital Trust pursuant to the terms of the eCapital Group Guarantee and the eCapital Trust Guarantee and have the benefit of the eCapital Group Security and the eCapital Trust Security. Class A Common Shareholders have recourse only against the Issuer for declared, accrued but unpaid dividends after payment of all obligations of the Issuer due in priority. The Issuer has recourse against eCapital Group and the eCapital Trust for amounts advanced as Secured Subordinated Loans and has the benefit of the eCapital Group Subordinated GSA and the eCapital Trust Subordinated GSA and perfected security interests thereunder. **See Item 5.1 (b) for further details.**

3. Debentureholders and Class A Common Shareholders subscribe for Securities in accordance with the terms of this Offering Memorandum and the Subscription Agreement.
- 4a, b, c. At the request of eCapital Group and/or eCapital Trust, the Issuer advances subscription proceeds of the Debentures to eCapital Group and/or eCapital Trust as Secured Priority Loans (4a and 4b). Subscription proceeds from the Class A Common Shares shall be advanced through Secured Subordinated Loans (4c).
- 5A. eCapital Group uses proceeds of Secured Priority Loans and Secured Subordinated Loans for Group Purposes. **(See Item 2.2.6 – eCapital Group)**
- 5B. If eCapital Trust requests a Secured Priority Loan or Secured Subordinated Loan, it will use the proceeds thereof to acquire eCapital Trust Investments. **(See Item 2.2.3– eCapital Trust)**

### **2.2.2. eCapital Bond Corp. (the “Issuer”)**

The Issuer is a special purpose vehicle created for the purposes outlined in this Offering Memorandum. The Issuer will offer Securities for sale to Subscribers. The proceeds from the sale of the Debentures are to be used by the Issuer to fund Secured Priority Loans which shall be used by eCapital Group for Group Purposes and by eCapital Trust to acquire eCapital Trust Investments. The proceeds from the sale of the Class A Common Shares are to be used by the Issuer to fund Secured Subordinated Loans and thereafter be used by recipients for Group Purposes.

In support of its Obligations in relation to the Debentures, the Issuer has pledged all of its rights, assets and undertakings to the Security Trustee on behalf of the Debentureholders, including for the avoidance of doubt, Issuer Assets and its rights under the Secured Subordinated Loans (and the security granted to the Issuer in connection therewith). As additional credit support for the Obligations in relation to the Debentures, eCapital Group has also provided the eCapital Group Guarantee and eCapital Trust has provided the eCapital Trust Guarantee to the Security Trustee, each of eCapital Group and eCapital Trust has executed a general security agreement (the eCapital Trust GSA and the eCapital Group GSA, respectively) in favour of the Issuer and the Security Trustee, and the security interests granted thereby have been perfected under the PPSA.

Each of eCapital Group and eCapital Trust has also executed a general security agreement (the eCapital Trust Subordinated GSA and the eCapital Group Subordinated GSA, respectively) in favour of the Issuer in relation to the Secured Subordinated Loans and the security interests granted thereby have been perfected under the PPSA.

As additional liquidity support in relation to the Debentures issued, the Issuer has also agreed to set aside and maintain at all times for as long as Debentures remain outstanding a minimum liquidity amount (the “**Minimum Liquidity Amount**”) in the amount of CAD\$5,000,000. The Minimum Liquidity Amount may be held in cash in an interest bearing account by the Issuer or represented by way of a readily liquid investment endorsed in the Issuer’s name and issued by a Schedule I bank under the *Bank Act* (Canada). Recourse of Debentureholders will be limited to the Issuer Assets, the Secured Subordinated Loans (and the security granted to the Issuer in connection therewith), the eCapital Group assets, the eCapital Trust assets, the eCapital Group Guarantee and the eCapital Trust Guarantee. If funds are loaned directly to other Affiliated Companies, such funds will be secured by a security interest in the property of any such Affiliated Company and accompanied by a related guarantee similar to the eCapital Trust Guarantee and/or the eCapital Group Guarantee. **(See Item 2.3 – Related Party Matters. See also Item 1.3 – Reallocation)**

The Class A Common Shares and the dividends declared thereon are not secured obligations of the Issuer. Recourse of Class A Common Shareholders for accrued, declared and unpaid dividends is limited to assets of the Issuer (including Issuer Assets, the Secured Subordinated Loans and the security granted to the Issuer in connection therewith) after payments of all amounts due in priority including to Debentureholders. In relation to those funds, the Issuer has recourse against each of eCapital Group and eCapital Trust in relation to its Secured Subordinated Loans (after payment of amounts due in priority, including to Debentureholders). On liquidation the Class A Common Shares (together with the Common Shares) are entitled to their pro rata share of any remaining assets of the Issuer and receivables in relation to Issuer Assets and Secured Subordinated Loans (after payment of amounts due in priority, including to Debentureholders). The eCapital Group Subordinated GSA secures the entire principal amount advanced by the Issuer to eCapital Group from subscription proceeds of Class A Common Shares and the eCapital Trust Subordinated GSA secures the entire principal amount advanced by the Issuer to eCapital Trust from subscription proceeds of Class A Common Shares **(See ITEM 8 – Risk Factors (Class A Common Shares))**

The Issuer expects to declare a monthly dividend on each Class A Common Share in the amount of 1% of the subscription price (12% annualized), payable on the 15th day of the calendar month next following the month in which it is declared. The source of cash to pay such dividends is expected to be the annual interest to be paid to the Issuer from the Secured Subordinated Loans. Such dividends can be paid only when, as and if declared by the board of directors of the Issuer in its discretion and subject to any applicable regulatory requirements. Accordingly, the monthly dividend, if declared, may be more or less than 1%. The Issuer expects that the payments of principal and interest to be made to it by eCapital Group on the Secured Subordinated Loans will be sufficient to allow the Issuer to maintain a level of capital surplus sufficient to pay such dividends.

Corporate expenses of the Issuer (other than costs directly incurred in connection with the subscription for and sale of Securities) shall be borne by the Issuer; such expenses may be deducted from subscription proceeds. (See **Item 2.10.5 – Management Agreement**)

Pursuant to the Management Agreement, eCapital EC provides certain management services (“**Management Services**”) to the Issuer. Such services include executive, accounting and legal services, as well as office space and equipment. (See **Item 2.10.5 – Management Agreement**)

Overall Issuer policy is determined by a senior executive team of the Group (the “**Senior Team**”), which includes the two executives who hold the respective offices of President and of Chief Financial Officer of the Issuer; such officers also hold the same or similar offices in most other corporate members of the Group and are directors of other Affiliated Companies. (See **Item 2.4- Senior Team of the Group, the Issuer and eCapital Trust**)

### **2.2.3. eCapital Trust**

eCapital Trust (formerly Global Merchant Trust Inc.) is a wholly owned subsidiary of eCapital Holdings. eCapital Trust is managed by the Senior Team. (See **Item 2.4 - Senior Team of the Group, the Issuer and the eCapital Trust**). eCapital Trust is a single purpose entity in the business of investing in the eCapital Trust Investments.

Pursuant to the eCapital Trust GSA, eCapital Trust has pledged all of its assets and undertakings to the Issuer in order to secure its obligations under the Secured Priority Loans. The eCapital Trust GSA has been perfected by the registration of a financing statement under the PPSA in Ontario.

Pursuant to the eCapital Trust Subordinated GSA, eCapital Trust has pledged all of its assets and undertaking to the Issuer in order to secure its obligations under the Secured Subordinated Loans. The eCapital Trust Subordinated GSA has been perfected by the registration of a financing statement under the PPSA in Ontario. Pursuant to the terms eCapital Trust Subordinated GSA, the security perfected by the eCapital Trust Subordinated GSA shall be junior in all respects and subordinate to the security granted to the Issuer by eCapital Trust pursuant to the eCapital Trust GSA and to the Security Trustee by eCapital Trust pursuant to the eCapital Trust Security.

eCapital Trust has guaranteed the payment and performance of the Obligations pursuant to the eCapital Trust Guarantee and granted the Security Trustee first ranking security pursuant to the eCapital Trust Security. (See **Item 2.10.7 – eCapital Trust Guarantee**). eCapital Trust bears its own corporate expenses, including those related to the ongoing management, sourcing or enforcement of the eCapital Trust Investments. The eCapital Trust Guarantee is unrelated to, and does not guarantee, any dividends that the Issuer may declare on the Class A Common Shares.

On the advice of legal counsel, eCapital Trust may incorporate or acquire certain entities to hold eCapital Trust Investments on its behalf in certain jurisdictions. Such entities may be wholly-owned subsidiaries of eCapital Trust, eCapital Group or the Issuer or an entity in which eCapital Trust has sufficient security or interest in order to perfect the Issuer’s interest in the assets held by it. eCapital Trust has agreed to not hold assets of eCapital Trust acquired with proceeds from Secured Priority Loans or Secured Subordinated Loans by a subsidiary of eCapital Trust without perfecting the interest of the Issuer in such assets, which perfection may be satisfied by having the subsidiary execute a guarantee to the Security Trustee of the Issuer’s obligations to the Debentureholders.

### **2.2.4. Computershare Trust Company of Canada (the “Security Trustee”)**

Computershare Trust Company of Canada will act as trustee for and on behalf of the Debentureholders on the terms and conditions set forth in the Trust Indenture. (See **Item 2.10.3 – Trust Indenture**)

### **2.2.5. eCapital Holdings Corp. (formerly, Global Merchant Fund Corp.) (“eCapital Holdings”)**

eCapital Holdings is an Ontario corporation located in Toronto, Ontario. eCapital Holdings is the parent company of eCapital Group, which owns all voting share capital of the Issuer.

### **2.2.6. eCapital Group Corp. (formerly, Global Merchant Holdings, Corp.) (“eCapital Group”)**

The Issuer is wholly owned by eCapital Group, an Ontario corporation located in Toronto, Ontario. eCapital Group is a wholly-owned subsidiary of eCapital Holdings.

eCapital Group has guaranteed the payment and performance of the Obligations pursuant to the eCapital Group Guarantee and granted the Security Trustee first ranking security in connection therewith pursuant to the eCapital Group Security. **(See Item 2.10.7 - eCapital Group Guarantee)** The eCapital Group Guarantee is unrelated to, and does not guarantee, any dividends that the Issuer may declare on the Class A Common Shares.

Pursuant to the eCapital Group GSA, eCapital Group has pledged all of its assets and undertakings to the Issuer in order to secure obligations under the Secured Priority Loans. The eCapital Group GSA has been perfected by the registration of a financing statement under the PPSA in Ontario. **(See Item 2.10.1 - eCapital Group GSA)**

Pursuant to the eCapital Group Subordinated GSA, eCapital Group has pledged all of its assets and undertaking to the Issuer in order to secure its obligations under the Secured Subordinated Loans. The eCapital Group Subordinated GSA has been perfected by the registration of a financing statement under the PPSA in Ontario. Pursuant to the terms eCapital Group Subordinated GSA, the security perfected by the eCapital Group Subordinated GSA shall be junior in all respects and subordinate to the security granted to the Issuer by eCapital Group pursuant to the eCapital Group GSA and the eCapital Group Guarantee.

Proceeds of Secured Priority Loans and Secured Subordinated Loans advanced to eCapital Group shall be used for Group Purposes. These Group Purposes include but are not limited to making unsecured intercompany advances to eCapital Group's Subsidiaries and other Operating Subsidiaries by way of Subsidiary Loans, in order to enable them primarily to fund operations, but also to fund acquisitions of new target businesses. Subsidiary Loans are unsecured obligations and rank behind the Operating Line Debt. Subject to certain exceptions, eCapital Group is restricted from assigning its rights under the Subsidiary Loans. The Operating Subsidiaries engage in a multitude of financing solutions, either directly or, in the case of eCapital Corp., through its own operating Subsidiaries, including but not limited to: (i) asset-based lending, (ii) factoring of accounts receivable (on a recourse and non-recourse basis); (iii) purchase order financing, and (iv) inventory financing, and (v) fulfillment services for customers and clients. The Operating Subsidiaries are organized into the following divisions: (i) freight factoring, which provides primarily receivables factoring in the transportation, freight and logistics industries, as well as other value-added services to its transportation clients such as discounted fuel cards and collection services; (ii) asset-based lending and (iii) general factoring, which provides non-recourse factoring to clients in diverse industries other than freight. The assets of the Operating Subsidiaries primarily consist of loans that comply with the criteria set forth in the credit facilities comprising the Operating Line Debt. **(See Item 12.2 for the 2022 Audited Consolidated Financial Statements of eCapital Group.)**

Before entering into a transaction with a client, the Operating Subsidiaries conduct appropriate due diligence to verify transaction parties and the substance of such proposed transaction. Such due diligence may include but is not limited to verifying the collateral supporting such transaction and performing due diligence on originators and account debtors.

Operating Subsidiaries may, if appropriate, undertake and utilize a wide variety of risk mitigation tools in order to enhance the credit position in any lending transaction. Such tools include, but are not limited to: (i) the purchase of credit insurance or other insurance from third parties; (ii) personal guarantees or other subordinations from business owners or interested parties; (iii) obtaining real or other collateral security from parties; (iv) providing notice to account debtors; or (v) using blocked account arrangements to secure payment. Notwithstanding any risk mitigation that may be obtained, ultimate repayment of any obligations from parties with whom the Operating Subsidiaries may transact is contingent on factors beyond their control or reasonable market experience (See Risk Factors).

eCapital Group's assets along with the assets of its Subsidiaries, on a consolidated basis, must comply with the Over-Collateralization Covenant as stipulated under the terms of the Trust Indenture. **(See Item 2.10.6 – Over-Collateralization Covenant)**

#### **2.2.7. eCapital Corp.**

eCapital Corp. and the Issuer are under common ownership and control. eCapital Corp. is a subsidiary of eCapital Group and is the parent company to the Operating Subsidiaries.

#### **2.2.8. eCapital Enterprises Corp. (formerly, GMF Enterprises USA Inc.) (“eCapital EC”)**

eCapital EC is a wholly owned subsidiary of eCapital Holdings incorporated under the laws of the State of Florida and is managed by the Senior Team. Under the Management Agreement, eCapital EC acts as a service provider to certain Affiliated Companies, including the Issuer and eCapital Corp.

## **2.3 Related Party Matters**

Certain of the Material Agreements (described below) have been executed by parties that are Affiliated Companies and would therefore be considered related-party transactions.

As the Issuer, eCapital Group and eCapital Trust, and their respective subsidiaries are all under the common ownership of eCapital Holdings, the Secured Priority Loans, the Secured Subordinate Loans and the Subsidiary Loans are considered related-party transactions.

## **2.4 Senior Team**

### **Michael Weingarten – Chairman of eCapital Holdings**

Michael is the current Chairman of eCapital Holdings. Over the past 43 years Michael has owned and operated numerous companies spanning from financial lending to the music industry, point of sale paper product manufacturing, hotel/condo property management IP, consumer electronics, white label goods, computer hardware and the land line long distance telephone space. His strategic mandate has always been to enter a business with the most talented people available and to create a best in class product or service that has repeatable and sustainable characteristics. These values create the best possible conditions for attractive enterprise value metrics allowing for excellent returns for lenders and shareholders.

### **Marius Silvasan – Chief Executive Officer (CEO) of eCapital Holdings and the Group**

Marius is the current CEO of the Group. Marius is a successful entrepreneur with over 20 years of experience in building, buying and selling companies in various industries. Marius has had extensive experience in international finance and was previously CEO and Director of One Bio Corporation, and a founder of Tele Plus World Corporation. Marius holds a BBA and an MBA both earned from HEC University in Montreal. Marius is based in Miami, Florida.

### **Stephen McDonald – President and Director of eCapital Holdings, the Group and eCapital Trust**

Steve joined the organization in 2006 and has been active in the factoring industry since that time. Steve has over 25 years of sales and executive management experience and served as a senior manager for one of the largest telecom infrastructure providers in North America. Since joining the Group, Steve has overseen well over 1,000 credit receivables transactions, involving businesses in 25 different countries, representing over \$1 billion of goods and services.

### **Cris Neely - Chief Finance Officer (CFO), Secretary and Director of eCapital Group and eCapital Trust, Secretary and Director of the Issuer, CFO and Director of eCapital Holdings**

Cris has served as CFO of the Group since January 1st, 2018 and previously as CFO of a similar company (or its predecessor entities) since August 11, 2009. Previously, 2006 to 2009, he was CFO of ONE Bio, Corp and TelePlus World, Corp, (NASDAQ: TLPE). From 1999 to 2005, Mr. Neely was the CFO of Siemens Enterprise Networks located in Boca Raton, Florida. He also held various other executive positions with Siemens Enterprise Networks including Senior Vice President Business Transformation, Director Internal Audit, Director of Finance for Wireless Terminals and Area Finance Manager. Mr. Neely has also held management positions with ROLM, IBM and Cisco during his career. After leaving Siemens in 2005, Mr. Neely worked as a consultant for small/medium organizations focusing on Sarbanes-Oxley compliance, revenue recognition and financial/operational business assessment. Mr. Neely holds a Bachelor of Business Administration Finance degree from University of Texas at Arlington, Texas and an MBA from Amberton University in Dallas, Texas. Mr. Neely joined the board of the Issuer on December 26, 2017.

### **Todd Zarin – Chief Legal Officer of the Group**

Todd Zarin currently serves as Chief Legal Officer of the Group. Mr. Zarin has practiced corporate and securities law for 30 years, having held positions at Chadbourne & Parke LLP, Weil, Gotshal & Manges LLP, Day Pitney LLP, Reitler, Kailas & Rosenblatt LLC and BFS Capital. Mr. Zarin is a graduate of Binghamton University, Northwestern University and the Brooklyn Law School.

### **Jonathan Staebler – Senior Counsel of the Group**

Jonathan Staebler currently serves as Senior Counsel of the Group. Mr. Staebler has practiced international corporate and business law for 45 years, having held positions at Shearman & Sterling, Nexsen Pruet and Citicorp Investment Bank. Mr. Staebler is a graduate of Princeton University and Columbia Law School.



**Tony C. Howard - Chief Compliance Officer (CCO) of eCapital Group, Chief Credit Officer of eCapital Holdings and Chief Credit and Portfolio Officer of the Group**

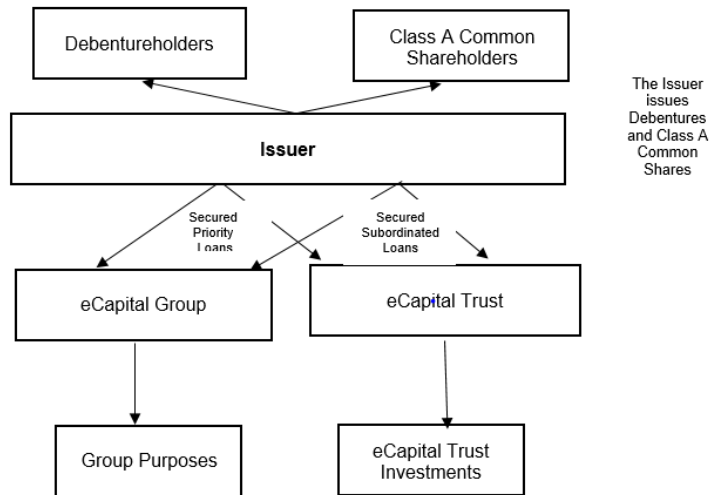
Tony is the current Chief Compliance Officer for the Group and in this capacity directs the credit professionals and assumes responsibility for the Group’s portfolio and underwriting functions. Tony has over 20 years of international finance experience in corporate and investment banking and in asset based lending, as well as having served as a turnaround and restructuring practitioner in the middle market. He was formerly Managing Director of CBIZ, a Managing Director at PWC, and a Director with KPMG’s Corporate Finance Group in Atlanta. He held positions of increasing responsibility at both SouthTrust Bank and CIT. Most recently he has conducted a variety of board level finance, credit and risk reviews and assignments targeting growth and corporate renewal across a broad spectrum of companies, working closely with many major banking and commercial finance companies in the US and Canada. He is a graduate of the University of Kentucky.

**Charles Sheppard – Chief Operating Officer (COO) of the Group**

Charles is the Chief Operating Officer of the Group. Prior to his appointment as COO, Charles served as President of the Group’s freight factoring division. Charles has over 25 years of finance, business management and transportation experience in the US and Canada.

**2.5 Investment Flow Chart**

The following represents the proposed transaction structure and use of the available funds of this Offering (i.e. Debenture and Class A Common Share proceeds net of the costs associated with this Offering as well as certain additional ongoing operational requirements of the Issuer). (See Item 1.1 Available Funds)



**2.6 Development of Business**

The Issuer intends to use the available funds from this Offering to fund Secured Priority Loans and Secured Subordinated Loans directly to eCapital Group or eCapital Trust, with proceeds of such loans to be advanced to Affiliates thereof and used for Group Purposes.

**2.7 Long Term Objectives**

The Issuer’s long-term goal is to raise up to the Maximum Offering Amount in order to fund Secured Priority Loans, and Secured Subordinated Loans from proceeds of the issuance of Securities. The respective amounts of Secured Priority Loans and Secured Subordinated Loans that may be funded are contingent upon the amount of net proceeds raised pursuant to this Offering (among other things). (See Item 2.2 - Current Business)

The anticipated costs to be incurred by the Issuer with respect to completion of its long-term objectives are the same as those to be incurred by the Issuer with respect to completion of its short-term objectives and are as set out in Item 2.8 below.

## 2.8 Short Term Objectives and How the Issuer Intends to Achieve Them

For the period since inception until the date of this Offering Memorandum, the Issuer has closed 91 issuances of Debentures with a total principal amount of CAD\$615,959,500.00 and USD\$88,007,000.00 of which CAD\$275,173,000.00 and USD\$ 37,742,000.00 Debentures are currently outstanding. The Issuer has also closed 6 issuances of Class A Common Shares with a total principal amount of CAD\$61,943,000.00 and USD\$12,385,000.00. The Issuer anticipates one or more closings on the Offering within the next 12 months. Upon each closing, the Issuer intends to continue to fund Secured Priority Loans and to fund Secured Subordinated Loans, in both cases using the available funds of this Offering as such funds are raised. The Issuer plans to distribute Securities in the provinces of British Columbia, Alberta, Québec and Ontario, through and other agents, who are registered under applicable securities laws to trade in securities in those or other jurisdictions.

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Raise up to \$700,000,000 and use the available funds of this Offering to fund Secured Priority Loans and Secured Subordinated Loans as contemplated	12 months	\$17,280,000 <sup>(1)</sup>

- (1) The cost to complete depends upon the extent to which selling commissions and fees are paid on the Debentures, as well as upon the principal amount of Securities issued under this Offering and certain related expenses. See **Item 1.1 – Available Funds**

## 2.9 Insufficient Funds

The available funds raised from this Offering will be committed to the business objectives of the Issuer by making Secured Priority Loans and Secured Subordinated Loans. The Issuer does not intend to hold any significant cash reserves, other than those amounts necessary to pay for all administration and operating expenses incurred by the Issuer in the conduct of its business. However, the Issuer may hold significant cash reserves if either eCapital Group or eCapital Trust borrows Secured Priority Loans or Secured Subordinated Loans in less than the volume now anticipated by the Issuer. The Issuer does not anticipate requiring additional funds to pursue its objectives.

## 2.10 Material Agreements and Obligations

The following are the material agreements (“**Material Agreements**”) which the Issuer, or in certain cases, eCapital Holdings or eCapital Group, has entered into or expects to enter into or which can reasonably be regarded as presently being material to the Issuer or a prospective Subscriber of Securities pursuant to this Offering.

Copies of the Material Agreements and ancillary documentation related to the Offering may be inspected during normal business hours at the offices of the Issuer.

### 2.10.1. eCapital Trust GSA, the eCapital Group GSA, the eCapital Trust Subordinated GSA and the eCapital Group Subordinated GSA

In connection with the issuance of Debentures, each of eCapital Group and eCapital Trust has executed a general security agreement in favour of the Issuer effective April 14, 2022, perfected by registration, granting the Issuer a general and continuing collateral security interest in its undertakings and assets (the “**eCapital Trust GSA**” and/or the “**eCapital Group GSA**”, respectively).

The Issuer under the terms of each of the eCapital Group GSA and the eCapital Trust GSA has agreed to subordinate its interest in the collateral of eCapital Group and eCapital Trust, respectively, in favour of the Security Trustee’s security interest pursuant to the eCapital Group Security and the eCapital Trust Security.

In connection with the issuance of Class A Common Shares, and in compliance with the obligations contained in the Trust Indenture, each of eCapital Group has executed the eCapital Group Subordinated GSA and eCapital Trust has executed the eCapital Trust Subordinated GSA in favour of the Issuer effective September 26, 2022, each of which is perfected by registration, granting the Issuer a general and continuing collateral security interest in the undertakings and assets of the respective grantor. The eCapital Trust Subordinated GSA and the eCapital Group Subordinated GSA rank behind the eCapital Trust GSA, eCapital Group GSA, eCapital Group Guarantee and the eCapital Trust Guarantee in all respects and are intended to secure the obligations due to the Issuer solely in connection with the Secured Subordinated Loans.

### 2.10.2. Subscription Agreement

The Issuer will enter into a Subscription Agreement with each Subscriber for the purchase and sale of Securities. (See Item 5.2(a)–Subscription Documents)

### 2.10.3. Trust Indenture

The Issuer and the Security Trustee entered into a trust indenture, dated January 6, 2015 (as amended, amended and restated and supplemented from time to time, the “**Trust Indenture**”), pursuant to which the Debentures are to be issued.

Pursuant to the Trust Indenture, the Security Trustee will undertake certain activities in relation to the issuance and registration of the Debentures, including but not limited to maintaining a register of Debentureholders. The Security Trustee may call or requisition meetings on the request of Debentureholders representing not less than twenty-five percent (25%) of the aggregate principal amount of Debentures then outstanding.

The Trust Indenture provides that Debentures may be issued as either (i) Global Debentures, (ii) Book-Based Only Debentures registered in the name of CDS, or its nominee, as depository, or (iii) Debentures certified by the Security Trustee. The majority of Debentures issued to date have been issued as Book - Based Only Debentures and the Issuer anticipates that this shall continue for at least the next year.

The Trust Indenture provides for limited reporting by the Issuer; namely, financial statements on an annual and quarterly basis. See **ITEM 8 – Risk Factors (Limited Reporting)**.

The Trust Indenture provides for events of default, including without limitation (i) failure of the Issuer to pay interest for five (5) business days on the Debentures when due, (ii) failure of the Issuer to pay principal on the Debentures when due, and (iii) default in the observance or performance of any covenant or condition of the Trust Indenture by the Issuer or by eCapital Trust under the eCapital Trust Security or eCapital Group under the eCapital Group Security, which remains unremedied (or is not waived) for a period of 20 business days after notice in writing has been given to the Issuer, eCapital Trust or eCapital Group, as applicable, to rectify such default or obtain a waiver for same. Subject to the rights of the Security Trustee and/or Debentureholders to waive a default under the Trust Indenture, the triggering of an event of default under the Trust Indenture may, among other things, result in all monies outstanding under the Trust Indenture immediately becoming due and payable.

The Trust Indenture provides that the Security Trustee may, at its discretion, permit certain activities of the Issuer or supplement the Trust Indentures upon request by the Issuer.

The Debentureholders have limited rights under the Trust Indenture. The exercise of certain rights of the Debentureholders will require the extraordinary consent of Debentureholders representing not less than 66 2/3% of the principal amount of Debentures outstanding, including the modification of the rights of Debentureholders under the Trust Indenture; the power to waive a default under the Trust Indenture; and the power to remove a trustee.

The Trust Indenture provides that the definition of Issuer Assets and Secured Priority Loans shall not be amended and or replaced by the Issuer without the consent of Debentureholders representing not less than 50.01% of the principal balance of all Debentures then outstanding.

The Issuer has granted to the Security Trustee a first ranking security interest in respect of all of its assets and undertakings as security for the performance and/or payment of the Obligations and has perfected such security interest by registration.

The Issuer and the Security Trustee may, as contemplated by the Trust Indenture, on the occurrence and during the continuation of a Force Majeure event (as defined in the Trust Indenture), undertake certain measures, including suspending or delaying the performance of their respective obligations (including, for the avoidance of any doubt, making payments related to the Debentures). Any such measures will be limited in effect to the duration of the Force Majeure event and will not affect any entitlement of applicable parties other than with respect to timing. In accordance with the Trust Indenture, performance times for obligations under the Trust Indenture shall be extended by the time equivalent to the time lost because of any delay arising from such Force Majeure event.

#### 2.10.4. CDS Agreements

The Class A Common Shares may be issued as either (i) Global Class A Common Shares or as Book-Based Only Class A Common Shares registered by the Security Trustee as a transfer agent or in the name of CDS, or its nominee, as depository or (ii) certificated Class A Common Shares.

The Issuer anticipates that the majority of Class A Common Shares and the Debentures will be issued as Book-Based Only Class A Common Shares or Book-Based Only Debentures and that certificated, physical Class A Common Shares or Debentures will not be issued under the CDS agreement. To facilitate its relationship with CDS with respect to Book-Based Only Class A Common Shares, the Issuer enters into CDS' standard BEO Securities Services Agreement and provides CDS with BEO Acknowledgements for each periodic issuance of Class A Common Shares or the Debentures. These documents are standard documents which CDS utilizes in carrying out its book entry only services.

The Issuer anticipates issuing Class A Common Shares and Debentures from time to time up to the maximum permitted amount under this Offering; and to issue the Class A Common Shares or the Debentures as Book-Based Only Class A Common Shares or Book-Based Only Debentures, as applicable, the Issuer requests and obtains a separate ISIN for each periodic issuance of Class A Common Shares or Debentures. Each periodic issuance of Class A Common Shares or Debentures is named as a new series and all Class A Common Shares or Debentures, as applicable, issued in the same currency in that periodic issuance have the same series number and ISIN. In the case of the Debentures, Debentures in the same series also have the same Maturity Date.

#### 2.10.5. Management Agreement

Pursuant to the Management Agreement, eCapital EC provides management services to the Issuer, eCapital Group and certain Affiliated Companies. For the Issuer, such services include executive, accounting and legal services, as well as office space and equipment.

eCapital EC fees for management services are invoiced to and paid by the Issuer from time to time.

#### 2.10.6. Over-Collateralization Covenant

The Over-Collateralization Covenant requires the Issuer to cause eCapital Group to ensure that while the Debentures are outstanding, as evidenced on the date of any particular Monthly Report, the Net Assets of the Group on a consolidated basis exceed the then outstanding aggregate principal amount of the Secured Priority Loans by at least 10%.

In order to ensure compliance with the Over-Collateralization Covenant, each Monthly Report shall be accompanied by a certificate of an Officer of eCapital Group and the Issuer which attests to eCapital Group's compliance or non-compliance with the Over-Collateralization Covenant and the Minimum Liquidity Amount, as applicable as at the date of such Monthly Report (in USD, converting any CAD into USD at the relevant Spot Rate of Exchange).

eCapital Group has covenanted in the eCapital Group GSA to provide the Monthly Report in a form and substance as agreed between the Issuer and the Representative acting reasonably to the Security Trustee, the Issuer and the Representative, monthly on the 23<sup>rd</sup> day following the end of the applicable month. Based solely on the certificate contained in the Monthly Report, eCapital Group shall notify the Issuer that the Issuer is either (i) in compliance with the Over-Collateralization Covenant or in breach of the same, or (ii) following a prior failure to comply with the Over-Collateralization Covenant, if the Issuer is now in compliance with the Over-Collateralization Covenant or is in continuing non-compliance with the Over-Collateralization Covenant.

#### 2.10.7. eCapital Group Guarantee and eCapital Trust Guarantee

Pursuant to the eCapital Group Guarantee and the eCapital Trust Guarantee each of eCapital Group and eCapital Trust unconditionally guarantees to the Security Trustee for the benefit of the Debentureholders the performance and the punctual payment in full of the Obligations and grants the Security Trustee first ranking security in connection therewith being the “**eCapital Group Security**” or the “**eCapital Trust Security**” respectively. Each guarantee provides the Security Trustee direct recourse to eCapital Group and/or eCapital Trust in the event of a default by the Issuer. In support of the obligation contained in each of the eCapital Group Guarantee and the eCapital Trust Guarantee, each of eCapital Group and eCapital Trust executed a general security agreement in favour of the Security Trustee. **The eCapital Trust Security and the eCapital Group Security do not secure any dividends that the Issuer may declare on the Class A Common Shares; or the Issuer's obligations with respect to the Class A Common Shares.**

Under the eCapital Trust Guarantee, eCapital Trust also agrees to not hold proceeds or assets of eCapital Trust acquired with proceeds from Secured Priority Loans by a subsidiary of eCapital Trust without having the subsidiary execute a guarantee of the Obligations and provide first ranking security in connection with such guarantee.

### 2.10.8. EGC Note, eCapital Trust Note, EGC Subordinated Note, and the eCapital Trust Subordinated Note

The EGC Note is the secured promissory note issued by eCapital Group in favour of the Issuer evidencing Secured Priority Loans advanced by the Issuer to eCapital Group. The eCapital Trust Note is the secured promissory note issued by eCapital Trust in favour of the Issuer evidencing Secured Priority Loans advanced by the Issuer to eCapital Trust.

eCapital Group will use the proceeds of its Secured Priority Loans for Group Purposes and eCapital Trust will use the proceeds of its Secured Priority Loans to acquire eCapital Trust Investments. The Secured Priority Loans will be direct obligations of eCapital Group or eCapital Trust, as the case may be, and will be supported by the Over-Collateralization Covenant.

The EGC Subordinated Note is the secured promissory note issued by eCapital Group in favour of the Issuer evidencing Secured Subordinated Loans advanced by the Issuer to eCapital Group. The eCapital Trust Subordinated Note is the secured promissory note issued by eCapital Trust in favour of the Issuer evidencing Secured Subordinated Loans advanced by the Issuer to eCapital Trust. eCapital Group will use the proceeds of its Secured Subordinated Loans for Group Purposes and eCapital Trust will use the proceeds of its Secured Priority Loans to acquire eCapital Trust Investments. The Secured Subordinated Loans will be direct obligations of eCapital Group or eCapital Trust, as the case may be.

## ITEM 3- DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

### 3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Issuer and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Issuer (a “**Principal Holder**”). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder. No compensation with respect to securities has been paid to any party since the Issuer’s incorporation:

Name and municipality of principal residence	Position held	Compensation paid by the Issuer since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities held after completion of the Initial Closing	Number, type and percentage of securities held after the completion of the Maximum Offering
eCapital Holdings Toronto, Ontario, Canada	Shareholder	Nil	1,000 Common Shares (100%)	1,000 Common Shares (100%)
Steve McDonald Toronto, Ontario, Canada	President and Director	Nil	Nil	Nil
Cris Neely Miami, Florida, USA	Secretary and Director	Nil	Nil	Nil

### 3.2 Management Experience

The name and principal occupations of the directors and officers of the Issuer over the past five (5) years is as follows:

Name and Position	Principal Occupation and Related Experience
Stephen McDonald President and Director	Steve is President of both the Issuer and eCapital Group. Steve joined the organizations in 2006 and has been active in the factoring industry for the last sixteen years. Prior to working with the Issuer and eCapital Group, Steve McDonald had 25 years of sales and executive management experience and served as a senior manager for one of the largest telecom infrastructure providers in North America. Since joining the Issuer, Steve has facilitated well over 1,000 credit receivables transactions, involving businesses in 25 different countries, representing over \$1 billion of goods and services.

Name and Position	Principal Occupation and Related Experience
Cris Neely Secretary and Director	Cris Neely has served as CFO of eCapital Group since August 11, 2009 and is the current CFO for eCapital Group and the Issuer. Previously, from 2006 to 2009, he was CFO of ONE Bio, Corp and TelePlus World, Corp. (NASDAQ: TLPE). From 1999 to 2005, Mr. Neely was the CFO of Siemens Enterprise Networks located in Boca Raton, Florida. He also held various other executive positions with Siemens Enterprise Networks including Senior Vice President Business Transformation, Director Internal Audit, Director of Finance for Wireless Terminals and Area Finance Manager. Mr. Neely has also held management positions with ROLM, IBM and Cisco during his career. After leaving Siemens in 2005, Mr. Neely worked as a consultant for small/medium organizations focusing on Sarbanes-Oxley compliance, revenue recognition and financial/operational business assessment. Mr. Neely holds a Bachelor of Business Administration Finance degree from the University of Texas at Arlington, Texas and an MBA from the Amberton University, Dallas in Texas. Mr. Neely joined the board of the Issuer on December 26 <sup>th</sup> , 2017.

### 3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions by any securities commission, stock exchange or governmental regulatory agency that have been imposed, levied or which have been in effect during the last ten (10) years against an officer, director or control person of the Issuer or against a company of which any of the foregoing was an officer, director or control person. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was an officer, director or control person at that time.

### 3.4 Loans

As of the date of this Offering Memorandum, there are no debentures or loans due to or from any director, officer or promoter of the Issuer or any Principal Holder.

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Share Capital

Description of Security	Number authorized to be issued	Price per security	Number outstanding as at May 9, 2023	Number outstanding assuming completion of Initial Closing	Number outstanding assuming completion of Maximum Offering
Common Shares	Unlimited	\$1.00	1,000	1,000	1,000
Class A Common Shares, Issuable in Series (Series CA1-CA50; Series US1-US50; Series EUR1-EUR50; and Series GBP1-GBP50)	Unlimited	\$1,000.00 CAD; \$1,000.00 USD; €1,000.00 EUR, or £1,000.00 GBP	74,328	To be determined based on Offering	200,000

### Common Shares

The common shares have the following characteristics:

- (a) Voting (one (1) vote for each share held);
- (b) Entitled to non-cumulative dividends declared by the directors of the Issuer;
- (c) No dividends may be declared or paid on the Common Shares without the consent of the Class A Common Shareholders; and
- (d) Entitled to participate in the net assets of the Corporation in the event of the liquidation, dissolution or winding-up of the

Corporation.

### **Class A Common Shares**

The Class A Common Shares have the following characteristics:

- (a) Non-voting, except as specifically prescribed by the OBCA and in such case the Issuer may vote on such holders behalf, provided that the Issuer shall only exercise such right, on the advice of counsel, and to the extent that such vote does not negatively alter any entitlement of the Class A Common Shareholders as provided herein;
- (b) The Issuer expects to declare a monthly dividend on each Class A Common Share in the amount of 1% of the subscription price (12% annualized), payable on the 15th day of the calendar month next following the month in which it is declared. The source of cash to pay such dividends is expected to be the annual interest to be paid to the Issuer in respect of Secured Subordinated Loans. Such dividends can be paid only when, as and if declared by the board of directors of the Issuer, in its discretion. Accordingly, the monthly dividend, if declared, may be more or less than 1%;
- (c) Entitled to participate in the distribution of net assets of the Issuer in the event of the liquidation, dissolution or winding-up of the Corporation pro rata with the Common Shares after payment of the subscription price per Class A Common Share plus accrued, declared but unpaid dividends;
- (d) Following the third (3<sup>rd</sup>) anniversary of a Class A Common Shareholder's respective Closing Date under this Offering, such Subscriber may, by a six (6) months' advance written notice, request that eCapital Group purchase all or a portion of its Class A Common Shares. eCapital Group may honor such request, in its sole discretion. Repurchases shall be limited to no more than five percent (5%) of the then total issued and outstanding Class A Common Shares per calendar quarter as determined at the end of such calendar quarter and up to twenty percent (20%) of the total issued and outstanding Class A Common Shares as determined at the end of the relevant calendar year but excluding for purposes of these calculations any Class A Common Shares held by Affiliated Companies. The purchase price payable for each Class A Common Share purchased by eCapital Group shall be equal to the subscription price of the Class A Common Share plus any accrued, declared but unpaid dividends thereon. Subject to the limitations above, where eCapital Group has agreed to purchase Class A Common Shares from more than one such Subscriber, eCapital Group intends to purchase from each such Subscriber a number of Class A Common Shares proportional to such subscriber's percentage of all of the Class A Common Shares requested to be purchased by such Subscribers at such time for the relevant quarter;
- (e) Subject to eCapital Group call right (described in this section), the Class A Common Shares are subject to redemption, in whole or in part, by the Issuer at any time. Should the Issuer exercise its right of redemption (i) prior to the first (1<sup>st</sup>) anniversary of the Class A Common Shareholders' respective Closing Dates under this Offering, the Issuer must redeem the relevant Class A Common Shares at one hundred and six percent (106%) of the subscription price per Class A Common Share, plus accrued, declared but unpaid dividends thereon (such amount being the fair market value of such Class A Common Share at such time); (ii) after the first (1<sup>st</sup>) anniversary of Class A Common Shareholders' respective Closing Dates under this Offering, the Issuer must redeem the relevant Class A Common Shares at one hundred and three percent (103%) of the subscription price per Class A Common Share, plus accrued, declared but unpaid dividends thereon (such amount being the fair market value of such Class A Common Share at such time). Upon receipt of a notice from the Issuer exercising its right to redeem Class A Common Shares as provided herein, eCapital Group shall have the option (the "**eCapital Group call right**" in this section) to purchase the Class A Common Shares of the Class A Common Shareholder that are the subject of such notice at the same price and under the same terms as set forth in this section "e". In order to exercise such option eCapital Group shall deliver written notice of exercise to the Issuer and to the Class A Common Shareholder on or before the date of purchase. Where the Issuer or eCapital Group proposes to purchase or redeem Class A Common Shares, in whole or in part, it may either (a) solicit proposed sellers directly in the Issuer's discretion; (b) propose a redemption or purchase pro-rata and pari passu across all Class A Common Shareholders; or a combination of (a) and (b) in the Issuer's discretion;
- (f) Subject to eCapital Group call right (described in this section), on the occurrence of a Sale Event any Class A Common Shareholder may require the Issuer to redeem its Class A Common Shares at a price per Class A Common Share equal to: (i) one hundred and six percent (106%) of the subscription price per Class A Common Share, plus accrued, declared but unpaid dividends thereon, if such event occurs prior to the first (1<sup>st</sup>) anniversary of such Class A Common Shareholder's respective Closing Date under this Offering (such amount being the fair market value of such Class A Common Share at such time); or (ii) one hundred and three percent (103%) of the subscription price per Class A Common Share, plus accrued, declared but unpaid dividends thereon, if such event occurs on or after the first (1<sup>st</sup>) anniversary of such Class A Common Shareholder's Closing Date under this Offering; in each such case in respect of the relevant Class A Common Shares (such amount being the fair market value of such Class A Common Share at such time). Upon receipt of a notice from a Class A Common Shareholder exercising its right to redeem following the occurrence of a Sale Event, eCapital Group shall have the option (the "**eCapital Group call right**" in this section) to purchase the Class A Common Shares of the Class A Common Shareholder that are the subject of such notice at the same price and under the same terms as set forth in this section "f". eCapital Group shall exercise such option by giving written notice to the Issuer and to the Class A Common Shareholder on or before the date of purchase. A

Class A Common Shareholder may only exercise this option once, after which it shall be extinguished;

- (g) eCapital Group shall notify any Class A Common Shareholder that makes a request under sections (e) and (f) above of eCapital Group's intention to purchase Class A Common Shares within thirty (30) days after eCapital Group's receipt of such request;
- (h) In addition to the foregoing, eCapital Group or the Issuer may purchase any number of Class A Common Shares for cancellation by tender (invitation to tender sent to all Class A Common Shareholders) or by private contract (negotiated with individual Class A Common Shareholders). The purchase amount in these cases cannot be greater than the amount which would be payable to each Class A Common Shareholder under (e) and (f) above; and
- (i) The Class A Common Shareholders have no rights other than those enumerated in this Item 4.1.

#### 4.2 Long Term Debt

As of May 9, 2023, the Issuer had \$275,173,000.00 in Canadian dollar Debentures and \$37,342,000.00 in U.S. dollar Debentures outstanding. The U.S./Canadian dollar exchange rate on April 26, 2023 was \$1.3625. Converting the above figures to Canadian dollars, the amount of the aggregate outstanding Debentures was \$326,596,475.00, of which \$77,644,562.50 was short term debt (due within the next 12 months) and \$248,951,912.50 was long term debt (due after April 2024).

Converting all U.S. dollar denominated Debentures to Canadian dollars at the above foreign exchange rate, the Issuer has the following long term debt outstanding as at May 9, 2023:

Description	Interest Rate and Repayment Terms			Total Amount Outstanding at May 9, 2023	Amount Outstanding after Minimum Offering	Amount Outstanding after Maximum Offering*
	8% Secured Debentures	Series 2 Debentures	Series 4 Debentures			
Debentures	\$326,596,475.00	\$0	\$0	\$326,596,475.00	not applicable	\$700,000,000
Short Term Portion of above Debentures	\$77,644,562.50	\$0	\$0	\$77,644,562.50		
Long Term Portion of above Debentures	\$248,951,912.50	\$0	\$0	\$248,951,912.50		

\* The Maximum Offering Amount provides for an additional 7% as a temporary increase to provide for timing differences between maturities of existing Debentures and issuances of new Debentures. For U.S. dollar denominated Debentures conversion to Canadian dollars is made as at the date of issuance.

#### 4.3 Prior Sales

As of May 9, 2023, within the previous twelve (12) months the Issuer has issued the following Debentures and Class A Common Shares to Subscribers pursuant to this Offering as detailed in Item 4.3 (figures below are "net" amounts and Debentures denominated in U.S. dollars are shown in the U.S. dollar amounts stated on the Debentures – not converted to Canadian dollars in the table below)

Date of Issuance	Type and Number of Securities Issued				Price per Security	Total Funds Received
	8% Secured Debentures	Series 2 Debentures	Series 4 Debentures	Class A Common Shares		
April 2022	3,600 500	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$3,600,000 U.S.\$500,000
May 2022	15,421 1,100	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$ 15,421,000 U.S.\$1,100,000
June 2022	5,269 0	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$5,269,000 U.S.\$0



July 2022	4,803 0	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$4,803,000 U.S.\$0
August 2022	4,809 550	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$4,809,000 U.S.\$550,000
September, 2022	12,829 1,375	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$12,829,000 U.S.\$1,375,000
October, 2022	7,633 0	0 0	0 0	17,130 0	CAD\$1,000 U.S.\$1,000	CAD\$24,763,000 U.S.\$0
November, 2022	3,580 0	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$3,580,000 U.S.\$0
December, 2022	30,148 6,260	0 0	0 0	3,575 0	CAD\$1,000 U.S.\$1,000	CAD\$33,723,000 U.S.\$6,260,000
January, 2023	1,475 0	0 0	0 0	2,108 1,375	CAD\$1,000 U.S.\$1,000	CAD\$3,583,000 U.S.\$1,375,000
February, 2023	4,685 460	0 0	0 0	0 0	CAD\$1,000 U.S.\$1,000	CAD\$4,685,000 U.S.\$460,000
March, 2023	5,347 2,867	0 0	0 0	21,205 4,110	CAD\$1,000 U.S.\$1,000	CAD\$26,552,000 U.S.\$6,977,000
April, 2023	5,735 0	0 0	0 0	17,925 6,900	CAD\$1,000 U.S.\$1,000	CAD\$23,660,000 U.S.\$6,900,000
Total Issued	103,860 13,112	0 0	0 0	61,943 12,385	CAD\$1,000 U.S.\$1,000	CAD\$165,803,000 U.S.\$25,497,000

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

**Securities:** The securities being offered pursuant to this Offering are senior secured redeemable debentures and Class A Common Shares. The price of each Debenture is \$1,000 CAD or \$1,000 USD with the currency to be selected at the option of each Subscriber. The price of each Class A Common Share is \$1,000 CAD, \$1,000 USD, €1,000 EUR or £1,000 GBP with the currency selected at the option of the each Subscriber. The Securities are issuable in amounts denominated in multiples of 1,000 (in the relevant currency (being CAD/USD in respect of Debentures, and CAD/USD/EUR/GBP in respect of Class A Common Shares. There is a minimum of CAD/USD\$150,000 (150 Securities) subscription in respect of Debentures and CAD/USD\$150,000, EUR €150,000 or GBP £150,000 in respect of Class A Common Shares, or such other minimum subscription as may be accepted by the Issuer from time to time. Securities will be issued in series based on the relevant Closing Date and currency and each series of Securities shall rank *pari passu* with all other Securities of the same kind under this Offering and without priority amongst themselves within the same kind of Security.

#### (a) Terms of Debentures

**Obligations Secured:** The Issuer's debt obligations represented by the Debentures are secured obligations and will rank side by side, equally and on an equal footing *vis à vis* all other Debentures (i.e., *pari passu*), and will have priority with respect to any other secured obligations of the Issuer or unsecured claims including without limitation any claims related to the Class A Common Shares or the Common Shares of the Issuer. All Debentures issued pursuant to the Offering rank equally rateably without discrimination, preference or priority between and among themselves except for such preferences as may be provided for under applicable law.

**Maturity:** Subject to the rights of redemption as provided for herein, a Debentureholder's Debentures shall mature as follows:

- **8% Secured Debentures:** on the third anniversary date of the issuance of those Debentures (each such date a "Maturity Date" with respect to the 8% Secured Debentures).
- **Series 2 Debentures:** on the fifth anniversary date of the issuance of those Debentures (each such date a "Maturity Date" with respect to the Series 2 Debentures).
- **Series 4 Debentures:** on the sixth month, one year or eighteen month anniversary date of the issuance of the Series 4 Debentures as applicable (each such date a "Maturity Date" with respect to the Series 4 Debentures).

On the occurrence of a relevant Maturity Date, where a Debentureholder has expressed its desire to the Issuer to reinvest its Debenture(s) on the terms of the then current Offering for the same term and provided that at the time of the Maturity Date of its Debenture the Issuer's existing Offering Memorandum is not stale dated, the Issuer may at its sole discretion extend the Maturity Date of the applicable Debentures for a period of up to 90 days. This extension period will be to allow the Issuer to issue an updated Offering Memorandum. Upon acceptance of the applicable subscription agreements by the Issuer, the matured and extended Debentures shall be renewed and closed as of the date of acceptance for an additional term equal to the original term at the interest rate which shall be the higher of (i) the interest rate in effect as at the Maturity Date and (ii) the interest rate in effect as at the Closing Date. All other terms shall be as in effect at the Closing Date.

**Early Redemption:** The Issuer may redeem a Debentureholder's Debentures in part or in full at any time during the term of the specific Debentures by providing the Debentureholder with at least thirty (30) days' prior written notice to the Debentureholder of its intention to do so. To effect such redemption, the Issuer must make payment of the principal amount of such Debentures and all accrued and unpaid interest thereon to the date of payment plus, for the 8% Secured Debentures and the Series 2 Debentures, the lesser of (a) three (3) months of interest and (b) interest owing from the date of redemption to the Maturity Date. The Series 4 Debentures shall be redeemable at any time without penalty upon payment of the principal amount of such Debentures and all accrued and unpaid interest thereon to the date of payment.

**Interest:** Each Debenture will entitle the holder thereof to the following simple rates of interest from the date of issue:

- **8% Secured Debentures:** The Issuer will pay interest at a rate of 8.00% per annum payable on a monthly basis, fifteen (15) days in arrears on the 15th of each month of each year during the term of the Debentures. The Issuer may from time to time, at its sole and absolute discretion, pay an additional discretionary interest to new subscribers only over and above the interest applicable to the 8% Secured Debentures in an amount agreed upon by the Issuer's board, if the economic conditions and the Bank of Canada interest rate increase warrant the payment of such discretionary interest as a bonus in order to support the viability of this Offering it being recognized that any such increases will apply to the end of the term of the Debentures subscribed for if such an increase is offered by the Issuer at the time of subscription.
- **Series 2 Debentures:** The Issuer will pay interest at a rate of either (i) LIBOR plus 500 bps per annum; or (ii) at the option of the Issuer upon providing the Debentureholder with 15 days prior written notice, a rate of 6.50% per annum on a quarterly basis fifteen (15) days in arrears and in regards to (i) and (ii) above payable in arrears on the 15th of each January, April, July and October of each year during the term of the Debentures.
- **Series 4 Debentures:** The Issuer will pay interest at the rate per annum negotiated at the time of subscription payable on a monthly basis, fifteen (15) days in arrears on the 15th of each month of each year during the term of the Debentures.

**Reinvestment Bonus:** The Issuer shall pay current Debentureholders a "reinvestment bonus payment" in the amount of 0.5% of each Debenture's principal amount reinvested by that Debentureholder in the Issuer's then authorized Debentures provided (a) a properly completed Subscription Agreement is delivered by the Debentureholder to the Issuer at least 90 days prior to the Maturity Date of the Debentures whose principal is to be reinvested and (b) the Issuer, in its sole discretion, accepts the Debentureholder's Subscription Agreement.

**Funding of Repayment:** Management of the Issuer shall have sole discretion on how the Issuer will fund or finance the repayment of the Debentures. Management may decide to use its existing cash on hand if any, sell assets, raise additional capital or use a combination of the above methods to accomplish the repayment of the Debentures. There is no assurance that any of the above methods of funding the repayment of the Debentures will be successful or if accomplished will raise enough funds to repay all of the Debentures. It is possible that the Issuer may not have the financial ability to repay all or any Debentures upon maturity.

**Limited Recourse:** Recourse under the Debentures will be limited primarily to the assets of the Issuer (including Issuer Assets, the Secured Subordinated Loans and the security granted in connection therewith) and the assets of eCapital Group and eCapital Trust pursuant to the EGC Note, the eCapital Trust Note, the eCapital Group Guarantee and the eCapital Trust Guarantee, the eCapital Group Security and the eCapital Trust Security.

**Currency:** The Debentures may be funded in CAD or USD. Where the Subscriber elects to fund in USD the Issuer shall inform the Subscriber of the Spot Rate of Exchange on the date of Subscription. Interest payments and repayment of principal of each Debenture shall be in the same currency in which the Debenture is funded on the date of payment or repayment.

**Temporary Increase:** At the discretion of the Issuer, the Maximum Offering Amount may be increased by up to an additional 7% for an aggregate period not to exceed six (6) months in any twelve (12) month period. The purpose of the temporary increase is to provide for timing between maturities of existing Debentures and issuances of new Debentures.

**(b) Terms of Class A Common Shares**

**Dividends on Class A Common Shares:** The Issuer expects to declare a monthly dividend on each Class A Common Share in the amount of 1% of the subscription price (12% annualized), payable on the 15th day of the calendar month next following the month in which it is declared. The source of cash to pay such dividends is expected to be the annual interest to be paid to the Issuer from the Secured Subordinated Loans. Such dividends can be paid only when, as and if declared by the board of directors of the Issuer, in its discretion. Accordingly, the monthly dividend, if declared, may be more or less than 1%.

**Rights on Equal Footing and Proportional Basis:** Other than the Purchase Rights (as defined below), the rights attaching to each Class A Common Share rank side by side, equally and on an equal footing (i.e., *pari passu*) vis à vis all other Class A Common Shares. Notwithstanding the foregoing, should the Issuer be unable to redeem, or eCapital Group be unable to purchase, all of the Class A Common Shares requested to be redeemed in connection with a Sale Event or purchased by eCapital Group or an Affiliate such Class A Common Shareholders shall be entitled to have their Class A Common Shares redeemed or purchased (as the case may be) on a first-come-first-served basis, based on the date on which the requesting Class A Common Shareholder provided notice of its desire to redeem its Class A Common Shares or requested eCapital Group to purchase such Class A Common Shares.

**Non-Voting:** The Class A Common Shareholders are not entitled to notice of or to attend any meeting of the holders of Common Shares or any other voting securities, to vote at any such meeting of the holders of Common Shares or other voting securities. To the extent that the Class A Common Shareholders are entitled to vote on certain matters pursuant to the OBCA, the Class A Common Shareholders the Issuer shall cast a vote on such Shareholder's behalf, provided that the Issuer shall only exercise such right, on the advice of counsel, and to the extent that such vote does not negatively alter any entitlement of the Class A Common Shareholders as provided herein.

**Purchase by eCapital Group at the option of Class A Common Shareholder:** At any time following the third (3<sup>rd</sup>) anniversary of a Class A Common Shareholder's respective Closing Date, a Class A Common Shareholder may request that eCapital Group purchase all or a portion of its Class A Common Shares (the "**Purchase Rights**"). eCapital Group then may honour such request, in its sole discretion and if it chooses to honour one or more such requests it intends to purchase no more than five percent (5%) of the then total issued and outstanding Class A Common Shares per calendar quarter and twenty percent (20%) of the then total issued and outstanding Class A Common Shares per calendar year as determined at the time of the proposed purchase but excluding for purposes of these calculations any Class A Common Shares held by Affiliated Companies. The Class A Common Shareholder in each such instance shall provide at least six (6) months' advance written notice to eCapital Group and the Issuer, and eCapital Group may purchase the subject Class A Common Shares at the subscription price per Class A Common Share plus any accrued, declared, but unpaid dividends thereon. eCapital Group shall notify each such Class A Common Shareholder of its intention to purchase Class A Common Shares within thirty (30) days of eCapital Group's receipt of such Class A Common Shareholder's notice. The purchase price shall be payable by eCapital Group or the Issuer, as the case may be, by the 15th of the month following the month in which the 6 months' notice period expires or such other date as agreed.

**Redemption by Issuer or Purchase by eCapital Group at their Respective Options:** Subject to eCapital Group call right (described in this section), at any time, the Issuer may redeem all or some of the Class A Common Shares: (i) prior to the first (1<sup>st</sup>) anniversary of a Class A Common Shareholder's respective Closing Date under this Offering, by payment of one hundred and six percent (106%) of the subscription price per Class A Common Share, plus declared, accrued but unpaid dividends thereon (such amount being the fair market value of such Class A Common Share at such time); (ii) following the first (1<sup>st</sup>) of a Class A Common Shareholder's respective Closing Date under this Offering, by payment of one hundred and three percent (103%) of the subscription price per Class A Common Share, plus declared, accrued and unpaid dividends thereon (such amount being the fair market value of such Class A Common Share at such time). Upon notice by the Issuer of its intention to redeem Class A Common Shares above, eCapital Group shall have the option to purchase the Class A Common Shares from the Class A Common Shareholder that are subject to such notice at the same price and under the same terms as set forth in this section (the "**eCapital Group call right**" in this section). In order to exercise such option, eCapital Group shall deliver a written notice to the Class A Common Shareholder on or before the date of purchase. Where eCapital Group proposes to purchase or the Issuer proposes to redeem all or some of the Class A Common Shares it may either (a) solicit sellers directly based on the yield paid to such holders, the size of their holdings, or the tenor of their holdings; (b) propose a redemption or purchase pro-rata and *pari-passu* across all holders of all Class A Shares; or (c) a combination of (a) and (b) and either case the consideration paid for such Class A Shares shall be as stated above.

The purchase price or redemption amount shall be payable by eCapital Group or the Issuer, as the case may be, by the 15<sup>th</sup> of the month following the month during which eCapital Group exercises its right to purchase or the Issuer exercises its right to redeem, as the case may be.

eCapital Group shall notify any Class A Common Shareholder of its intention to purchase Class A Common Shares forthwith after eCapital Group receipt of such request.

**Redemption by Issuer or Purchase by eCapital Group on Sale Event:** Subject to eCapital Group call right (described in this section), any Class A Common Shareholder may require the Issuer to redeem its Class A Common Shares upon the occurrence of a Sale Event by providing at least thirty (30) days' and not more than sixty (60) days' prior written notice to the Issuer and eCapital

Group of its intention to do so, at a redemption price of: (i) if the Sale Event occurs prior to the first (1<sup>st</sup>) anniversary of the Class A Common Shareholder's Closing Date under this Offering, one hundred and six percent (106%) of the subscription price per Class A Common Share, plus declared, accrued and unpaid dividends thereon (such amount being the fair market value of such Class A Common Share at such time), and (ii) if the Sale Event occurs on or after the first (1<sup>st</sup>) anniversary of the Class A Common Shareholder's Closing Date under this Offering, one hundred and three percent (103%) of the subscription price per Class A Common Share, plus declared, accrued and unpaid dividends thereon (such amount being the fair market value of such Class A Common Share at such time). Each Class A Common Shareholder shall only be entitled to exercise this option once, after which it shall be extinguished. Upon receipt of a notice from a Class A Common Shareholder, eCapital Group shall have the option to purchase the Class A Common Shares from the Class A Common Shareholder that are subject to such notice at the same price and under the same terms as set forth above (the "eCapital Group call right" in this section). In order to exercise such option, eCapital Group shall deliver a written notice to the Class A Common Shareholder on or before the date of purchase.

**Redemption by Issuer or Purchase by eCapital Group by Tender:** eCapital Group may purchase, and the Issuer may purchase for cancellation, the Class A Common Shares in part or in full at any time by tender (invitation to tender sent to all Class A Common Shareholders) or private contract (negotiated with individual Class A Common Shareholders). The purchase amount in these cases cannot be greater than the amount which would be payable to each Class A Common Shareholder under purchase.

**Funding of Purchases:** Management of eCapital Group shall have sole discretion over whether to purchase Class A Common Shares and how eCapital Group will fund or finance the purchase of the Class A Common Shares.

## 5.2 Subscription Procedure

### (a) Subscription Documents

Each Subscriber will be required to enter into a Subscription Agreement with the Issuer.

Specifically, each Subscriber will make certain representations and/or acknowledgements to the Issuer including, without limitation, the following:

- the Subscriber is duly authorized to purchase the Securities;
- if the Subscriber is an individual, the Subscriber has attained the age of majority and has legal capacity and competence to execute the Subscription Agreement and such other documentation as may be required under the securities laws of the jurisdiction of residence of the Subscriber to lawfully subscribe for Securities and to take all actions required pursuant thereto;
- the Subscriber is purchasing the Securities as principal, for investment and not with a view to resale;
- the Subscriber has made the subscription for Securities in compliance with applicable statutory exemptions from the requirement to provide the Subscriber with a prospectus and from registration requirements in connection with any distribution or trade within the meaning of the applicable securities legislation (including any requirement to sell securities through a person or company registered to sell securities under applicable securities laws); and
- as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws will not be available to the Subscriber.
- **The Subscriber acknowledges that the Subscriber has requested and is satisfied that the Subscription Agreement be drawn up in the English language. Le souscripteur reconnaît qu'il a exigé que ce qui précède soit rédigé et exécuté en anglais et s'en déclare satisfait.**

Reference is made to the Subscription Agreement attached as **Schedule "A"** to this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for Securities, Subscribers must complete, execute and deliver the following documentation to the Issuer at **155 University Ave., Suite 1220, Toronto, Ontario M5H 3B7**:

1. one (1) completed and duly signed copy of the Subscription Agreement (including any schedules attached thereto), as described in clause 3 below;
2. a cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable in CAD or USD, EUR or GBP (as applicable) to "eCapital Bond Corp.", or as the Issuer may otherwise direct;
3. completed and executed copies of the appropriate investor qualification form/"private issuer" certificate and risk

acknowledgment form, the forms of which may vary depending on the Subscriber's place of residence and whether registrants are involved; and

4. such other documentation as may be prescribed by applicable securities legislation.

Subject to applicable securities laws, a subscription for Securities, evidenced by a duly completed Subscription Agreement delivered to the Issuer shall be irrevocable by the Subscriber. **See ITEM 11 - Purchasers' Rights**

Subscriptions for Securities will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Issuer to close, at its sole discretion, the subscription books at any time, without notice. If a subscription for Securities is not accepted, all subscription proceeds will be promptly returned to the Subscribers without interest.

It is anticipated that there will be intermittent closings from time to time in the discretion of the Issuer. If a closing of the Offering is not completed by December 31 of the then current calendar year, or as otherwise contemplated in this Offering Memorandum, such closing may, at the sole discretion of the Issuer, be carried over into the following calendar year or the Offering will be terminated and all amounts received from Subscribers will be promptly returned to them without interest.

It is expected that certificates representing the Securities will be available for delivery within a reasonable period of time after the relevant closing date(s).

The subscription funds will be held until midnight of the second (2<sup>nd</sup>) business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

#### (b) **Distribution**

The Securities will be sold subject to applicable securities legislation. Subscribers must comply with criteria for exempt offerings of securities under applicable provincial securities laws.

Specifically, the Offering is being conducted pursuant to the exemption from the prospectus requirement afforded by Section 2.3 of NI 45-106 which is available for distributions by Debentureholders that are purchasing as principals and are "**Accredited Investors**" as defined in s.73.3(2) of the *Securities Act* (Ontario) or in s.2.3 of NI 45-106 (or under any comparable prospectus exemption available in the purchaser's province or territory of residence).

The exemption relieves the Issuer from the provisions of the applicable securities laws which otherwise would require the Issuer to file and obtain a receipt for a prospectus. Accordingly, prospective investors in Securities will not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus (for which a receipt has been obtained), including the review of material by securities regulatory authorities.

The Issuer will offer the Securities for sale if, as, and when issued. The Issuer plans to distribute Securities through Westcourt in the jurisdictions in which it operates and other agents from time to time.

## **ITEM 6- INCOME TAX CONSEQUENCES**

### **6.1 Canadian Federal Income Tax Considerations for Debentures**

The following summary is generally applicable to a person who acquires, as beneficial owner, Debentures, including entitlement to all payments thereunder, pursuant to this Offering Memorandum and who, at all relevant times and for purposes of the Tax Act, is or is deemed to be a resident of Canada, holds the Debentures as capital property and (1) deals with the Issuer, eCapital Group and any dealers at arm's length, (2) is not affiliated with the Issuer, eCapital Group or any dealer, and (3) acquires and holds the Debentures as capital property (a "**Holder**").

Generally, the Debentures will constitute capital property to a Holder provided that the Holder does not hold the Debentures in the course of carrying on a business of buying and selling securities and does not acquire them as part of an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Debentures as capital property may, in certain circumstances, be entitled to have them, and all other "Canadian securities" as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders considering making such an election should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder (i) that is a "specified financial institution" as defined in the Tax Act; (ii) that is a "financial institution" within the meaning of the "mark-to-market" rules in the Tax Act; (iii) an interest in which constitutes, or for whom a Debenture would be, a "tax shelter investment" within the meaning of the Tax Act; (iv) whose "functional currency" for the purposes of the Tax Act is a currency of a country other than Canada; (v) that is exempt from tax under Part I of the Tax Act; or (vi) that has entered into or will enter into a "synthetic disposition arrangement" or a "derivative forward agreement" (as those terms are

defined in the Tax Act) in respect of the Debentures. This summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Units. Such Holders to whom the above applies should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the Regulations in force on the date hereof, all specific proposals to amend the Tax Act or the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Prospectus Supplement (the “**Tax Proposals**”) and counsel’s understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”) publicly available prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law or in the administrative practices or assessing policies of CRA, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations discussed in this summary.

**This summary is of a general nature only and is not exhaustive of all possible Canadian tax consequences. It is not intended to be and should not be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the Canadian federal income tax consequences to any particular Holder are made. Accordingly, prospective Subscribers of Debentures should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Debentures, having regard to their own particular circumstances, including any consequences of an investment in the offered securities arising under tax laws of any province or territory of Canada or tax laws of any jurisdiction other than Canada.**

#### Canadian Dollar Reporting

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Debentures, including interest, adjusted cost base and proceeds of disposition, must be expressed in Canadian dollars. Amounts denominated in any foreign currency generally must be converted into Canadian dollars based on the relevant exchange rate as determined in accordance with the rules in the Tax Act.

#### Interest

A Holder that is a corporation, partnership, unit trust or a trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest or amount that is considered for purposes of the Tax Act to be interest on the Debentures that accrued or is deemed to have accrued to it to the end of the year or that became receivable or was received by it before the end of that year, except to the extent that such interest (or amount considered to be interest) was included in such Holder’s income for a preceding taxation year.

Any other Holder, including an individual or a trust (other than a trust described in the preceding paragraph), will be required to include in computing its income for a taxation year the amount of any interest on a Debenture (including any amount considered to be interest for purposes of the Income Tax Act) that is received or receivable by such Holder in that year (depending on the method regularly followed by the Holder in computing its income), to the extent that such amount was not included in computing the Holder’s income for a preceding taxation year. In addition, if at any time a Debenture becomes an “investment contract” (as defined in the Income Tax Act) in relation to the Holder, such Holder will be required to include in computing income for a taxation year any interest (including any amount considered to be interest for the purposes of the Income Tax Act) that accrues (or is deemed to accrue) to the Holder on the Debenture to the end of any “anniversary day” (as defined in the Income Tax Act) in that year to the extent such interest was not otherwise included in the Holder’s income for that or a preceding taxation year. For these purposes, the “anniversary day” in respect of a Debenture held by a Holder is the day that is one year after the day immediately preceding the date of issuance of the Debenture, the day that occurs at every successive one-year interval from such day and the day on which the Debenture is disposed of by such Holder.

If a Debenture acquired by a Holder is a “prescribed debt obligation” (as defined for the purposes of the Tax Act and the Regulations), interest may also be deemed to accrue on the Debenture and prescribed amounts may be required to be included in the Holder’s income for a taxation year, except to the extent that such amounts were otherwise included in the income of the Holder for that taxation year or a previous taxation year. Holders should consult their own tax advisors regarding the tax characterization of the Debenture for the purposes of the Tax Act.

Any amount paid by the Issuer to a Holder as a penalty or bonus on the repayment of all or part of the Debenture before maturity will be deemed by the Tax Act to be received by the Holder as interest at that time and will be included in computing the Holder’s income as described above to the extent that that such amount can be considered to reasonably relate to, and does not exceed, the

value at the time of payment of, interest that but for the payment, would have been paid or payable by the Issuer as interest on the Debentures for a taxation year of the Issuer ending after that time. In the event that the Debenture is redeemed prior to maturity in accordance with its terms, the Issuer shall pay, in addition to all other amounts due, all or part of the unearned interest in respect of such Debenture to the date of maturity in accordance with the terms of that particular Debenture. All of part of that additional payment will likely be treated as a penalty or bonus on the payment of the Debenture before maturity and deemed to be interest under the Tax Act. Any portion of that additional payment that is not deemed to be interest under the Tax Act may be taxed as a capital gain in the manner described below under “Dispositions”. There are no assurances, however, that the Canada Revenue Agency will accept that such excess amount should be treated as a capital gain and may instead also treat such amount as interest.  **Holders should consult their own tax advisors to determine the proper treatment of such an additional payment received on any redemption prior to maturity.**

#### Disposition

On a disposition or a deemed disposition (which will include redemption or repayment) of a Debenture, a Holder generally will be required to include in computing its income for the taxation year in which the disposition occurs all interest (including an amount that is considered to be interest) that accrued on the Debenture from the date of the last interest payment to the date of disposition, except to the extent that such amount has otherwise been included in such Holder’s income for that year or a preceding taxation year.

**The Issuer expresses no view regarding the Canadian tax consequences to a Holder of reinvesting its Debentures in other debentures issued by the Issuer, or of any “reinvestment bonus payment” receivable by a Holder in respect of such a reinvestment, as described in Section 5.1 – Terms of Securities. Holders should consult their own tax advisors to determine the tax treatment of such a reinvestment and of any “reinvestment bonus payment” so received.**

In general, on a disposition or a deemed disposition of a Debenture, a Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount included in the Holder's income as interest and any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Debenture to such Holder immediately before the disposition or deemed disposition.

One-half of any capital gain (a “**taxable capital gain**”) realized by a Holder in a taxation year will be included in computing such Holder's income for that taxation year, and one-half of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year must be deducted from taxable capital gains in accordance with the provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, subject to and in accordance with the provisions of the Tax Act.

Capital gains realized by a Holder that is an individual or a trust, other than certain specified trusts, may give rise to alternative minimum tax under the Tax Act.

#### Refundable Tax

A Holder that is a “Canadian-controlled private corporation” or a “substantive CCPC” (as defined in the Tax Act) may be subject to an additional refundable tax of 10% on certain “aggregate investment income” (as defined in the Tax Act), including amounts of interest and taxable capital gains.

#### Not Qualified Investment for Deferred Income Plans

An investment in the Debentures will not be a qualified investment, as defined under the Tax Act, for registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, or tax free-savings accounts.

#### Exchange of Tax Information

The Issuer is required to comply with due diligence and reporting obligations imposed under the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement. As a result, Holders may be requested to provide information in order to determine whether the Holder is a U.S. person. If the Holder does not provide the requested information, certain information on the Holder’s investment in the Issuer may be reported to the Canada Revenue Agency unless the Holder is a Registered Plan. The Canada Revenue Agency is expected to provide that information to the U.S. Internal revenue Service.

## **6.2 Canadian Federal Income Tax Considerations for Class A Common Shares**

### **Currency Conversion**

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Class A Common Shares, including amounts relevant to the computation of actual and deemed dividends on the Class A Common Shares and the adjusted cost base, paid-up capital and proceeds of disposition relating to those shares, must be converted into Canadian dollars using the Bank of Canada Noon Rate on the day on which the amount first arose or such other rate of exchange as is acceptable to the Minister of National Revenue.

### **Dividends on the Class A Common Shares**

A Class A Common Shareholder will be required to include in computing its income for a taxation year dividends received or deemed to be received on the Class A Common Shares. In the case of a Class A Common Shareholder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for dividends designated by the Issuer as “eligible dividends” in accordance with the rules in the Tax Act. There may be limitations on the ability of the Issuer to designate dividends as eligible dividends.

Dividends received or deemed to be received by a Class A Common Shareholder that is an individual (other than certain trusts) may also give rise to a liability for alternative minimum tax under the Tax Act.

In the case of a Class A Common Shareholder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Class A Common Shareholder that is a corporation as proceeds of disposition or a capital gain. Class A Common Shareholders that are corporations are urged to consult their own tax advisors having regard to their particular circumstances.

A Class A Common Shareholder that is a “private corporation” or a “subject corporation”, as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Class A Common Shares to the extent such dividends are deductible in computing the Class A Common Shareholder’s taxable income for the year. A “subject corporation” is generally a corporation controlled directly or indirectly for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts).

### **Dispositions of Class A Common Shares**

A Class A Common Shareholder who disposes or is deemed to dispose of Class A Common Shares (including to eCapital Group on the exercise of its right to purchase, or on redemption or other acquisition of such shares by the Issuer, but other than a purchase for cancellation) will generally realize a capital gain (or sustain a capital loss) to the extent that the Class A Common Shareholder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the Class A Common Shareholder’s adjusted cost base of such shares. The amount of any deemed dividend arising on the redemption or acquisition of such shares by the Issuer (see “—Redemption of the Class A Common Shares” below) will generally be excluded from the Class A Common Shareholder’s proceeds of disposition for purposes of computing the Class A Common Shareholder’s capital gain or capital loss arising on the disposition of such shares.

If the Class A Common Shareholder is a corporation, in certain circumstances any capital loss may be reduced by the amount of dividends received or deemed to be received on such shares to the extent and in accordance with the rules contained in the Tax Act. Similar rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

### **Redemption of Class A Common Shares**

If the Issuer redeems or otherwise acquires or cancels a Class A Common Shareholder’s Class A Common Shares (other than by a purchase in the open market in the manner in which such shares are normally purchased by any member of the public in the open market), the Class A Common Shareholder will be deemed to have received a dividend equal to the amount, if any, paid by the Issuer in excess of the paid-up capital of such shares at such time (as computed for purposes of the Tax Act). In the case of a Class A Common Shareholder that is a corporation, in certain circumstances all or part of the amount so deemed to be a dividend may instead be treated as proceeds of disposition and not as a dividend (see “—Dividends on the Class A Common Shares” above). The difference between the amount paid by the Issuer and the amount of the deemed dividend, if any, will be treated as proceeds of



disposition for the purposes of computing the Class A Common Shareholder's capital gain or loss arising on disposition of such Class A Common Shares (see "Dispositions of Class A Common Shares" above).

### **Taxation of Capital Gains and Capital Losses**

Generally, a Class A Common Shareholder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Class A Common Shareholder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Class A Common Shareholder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years. Capital gains realized by a Class A Common Shareholder that is an individual or a trust (other than certain trusts) may give rise to alternative minimum tax under the Tax Act.

### **Refundable Tax**

A Class A Common Shareholder that throughout the relevant taxation year is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a tax of 10 2/3% (refundable in certain circumstances) on its "aggregate investment income", which is defined to include taxable capital gains.

### **Eligibility For Investment**

The Class A Common Shares will not be a "qualified investment" under the Tax Act for a Registered Plan. Prospective Class A Common Shareholders that intend to hold Class A Common Shares in a trust governed by a Registered Plan are urged to consult their own tax advisors having regard to their particular circumstances.

**You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.**

## **ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS**

Westcourt shall receive a commission of up to 2.55% of the gross aggregate principal amount of the 8% Secured Debentures and the Series 4 Debentures] on terms to be agreed or amended between the Issuer and Westcourt from time to time. Other agents involved in the sale of the 8% Secured Debentures and the Series 4 Debentures will receive a commission on the gross aggregate principal amount of 8% Secured Debentures or the Series 4 Debentures on terms to be agreed or amended between the Issuer and such agent from time to time. The agent or agents involved in the sale of the Series 2 Debentures shall receive a commission of up to 2% of the gross aggregate principal amount of Series 2 Debentures on terms to be agreed or amended between the Issuer and such agent from time to time. The agent or agents involved in the sale of the Class A Common Shares shall receive a commission of up to 1% per annum of the gross aggregate principal amount of Class A Common Shares on terms to be agreed or amended between the Issuer and such agent from time to time. Affiliated Companies of the Issuer may, in accordance with applicable securities legislation pay a finder's fee to certain persons in connection with the offering of Securities; such payment will not be deducted from the available funds of this Offering.

For any converting shareholder or debentureholder, that were previously preferred shareholders or convertible debentureholders of eCapital Group, Westcourt will receive any commission due in respect of such investors commencing on the 5th anniversary of the investment made into eCapital Bond related to said conversion.

## **ITEM 8- RISK FACTORS**

**In addition to factors set forth elsewhere in this Offering Memorandum, potential investors should carefully consider the following risk factors in making a decision to subscribe for Securities. The Issuer advises that prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Securities to determine the appropriateness of this investment in relation to their risk tolerance, financial and investment objectives, and in relation to tax consequences of any such investment.**

An investment in the Securities is highly speculative. Potential investors should carefully consider a number of risk factors inherent in an investment in the Securities before subscribing for the Securities. This Offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.

In assessing the risk and rewards of an investment in Securities, potential investors should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Issuer to make appropriate decisions with respect to the management of the Issuer, and that they will be bound by the decisions of the Issuer's directors, officers and employees. This Offering is only suitable for investors who are willing to rely on these individuals to this extent to purchase Securities.

The purchase of Securities involves a high degree of risk. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following risks before purchasing Securities. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Issuer's business and/or the return to the Subscribers.

### **Investment Risk**

Risks that are specific to the Securities being offered under this Offering include the following:

1. **No Review by Regulatory Authorities:** This Offering Memorandum constitutes a private offering of the Securities by the Issuer only in those jurisdictions where and to those persons to whom, they may be lawfully offered for sale under exemptions under applicable securities legislation. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Securities. Subscribers pursuant to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority
2. **No Deposit Insurance:** The Securities offered pursuant to this Offering Memorandum are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.
3. **Tax Risk:** The tax consequences associated with an investment in the Securities may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to the Issuer of issuing Securities and/or investors holding or disposing of Securities. As a result, there may be adverse tax consequences to a Subscriber for Securities. Subscribers should seek independent tax advice before participating in the Offering. **See ITEM 6 - Income Tax Consequences**
4. **Changes to the Tax Act:** No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Issuer or fundamentally alter the income tax consequences to the Issuer or holders of Securities with respect to acquiring, holding or disposing of Securities. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Securities purchased pursuant to the Offering.
5. **No Management Rights:** The Senior Team, and not the Debentureholders or the Class A Shareholders, will make decisions regarding the management of the Issuer's affairs. Debentureholders and Class A Common Shareholders will have no rights to attend meetings of shareholders or vote in any manner. Subscribers must carefully evaluate the personal experience and business performance of any director or officer of the Issuer. In very limited circumstances, such as an insolvency proceeding, Debentureholders may have a right to vote on such proceeding, but such vote would be limited in scope and, at that time, a return on the investment in Debentures would likely be compromised or could be non-existent. To the extent that the Class A Common Shareholders are entitled to vote on certain matters pursuant to the OBCA, the Class A Common Shareholders shall be bound by a voting trust that authorizes the Issuer to vote on behalf of the Class A Common Shareholders in regard to such matters.
6. **Debt Securities:** The Debentures offered by the Issuer are not a direct investment in any asset of the Issuer (including Issuer Assets or Secured Subordinated Loans (and the security granted therewith)) or any other member of the Group, but only an investment in debt securities of the Issuer. A Debentureholder's recourse is limited to assets of the Issuer (including Issuer Assets and Secured Subordinated Loans (and the security granted therewith)), and the assets of eCapital Group and eCapital Trust pursuant to the EGC Note, the eCapital Trust Note, the eCapital Group Security, the eCapital Trust Security, the eCapital Group Guarantee and the eCapital Trust Guarantee.
7. **Class A Common Shares:** The Class A Common Shares represent an equity investment in the Issuer and the dividends declared thereon are not secured obligations of the Issuer. Recourse of Class A Common Shareholders is limited to assets of the Issuer (after payment of amounts due in priority, including to Debentureholders) whereas the Issuer will have recourse against each of eCapital Group or eCapital Trust for amounts owing to the Issuer under the Secured Subordinated Loans. Such loans are subordinated in all respects to the securities granted to the Issuer and the Trustee in connection with the Trust Indenture and Secured Priority Loans. In some matters the interests of Debentureholders may be adverse to that of Class A Common Shareholders and decisions may be taken, in respect of the security granted to the Debentureholders or the Security Trustee (on behalf of the Debentureholders) that may result in a negative return to Class A Common Shareholders.

The Class A Common Shareholders have no right to vote or attend or demand meetings on any matters (other than as mandated under the OBCA) and have delegated such rights to the Issuer to vote on their behalf. The sole source of income to pay obligations due in respect of the Class A Common Shares is derived from the Secured Subordinated Loans. There are no independent sources of income, or other forms of credit support, to satisfy any obligations due in respect of the Class A Common Shares.

8. **Independent Counsel:** No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review of this Offering Memorandum by any independent counsel on behalf of the Subscribers of the Offering Memorandum, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by legal counsel.
9. **Illiquidity of Investment:** An investment in the Securities of the Issuer is an illiquid investment. **There is currently no market through which the Securities of the Issuer may be sold.** The Issuer does not expect that any market will develop pursuant to this offering or in the future. Accordingly, an investment in Securities should only be considered by investors who do not require liquidity. The Issuer is not a “reporting issuer” in any jurisdiction, and a prospectus has not qualified the issuance of the Securities.
10. **Restrictions on the Transfer or Assignment of Securities:** The Securities are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Securities unless such Debentureholders or Class A Common Shareholders comply with an exemption from the prospectus requirements under applicable securities legislation. **See ITEM 10 - Resale Restrictions**
11. **Liquidity Risk:** If the Issuer requires new capital, it may need to raise additional funds or reduce its assets if it is unable to raise such capital. The Issuer does not have access to any liquidity. Accordingly, the Issuer may not be able to fund its obligations if it is unable to realize sufficient liquidity at any time.
12. **Interest and Dividend Rate Risk:** The interest rate returns for each Debenture is fixed for the Debenture term and is not subject to any increase. The dividend rate payable for each Class A Common Share is subject to the profitability of the Issuer and is solely payable from amounts received by the Issuer from Secured Subordinated Loans if, as, and when declared in the Issuer’s discretion.
13. **Investment Returns and Dividends:** The Issuer has never paid a dividend nor made a distribution on any equity securities. Accordingly, an investment in the Securities is only appropriate for persons with no expectation of return on such investment over the near and medium term and who understand fully the speculative nature of such investment. The payment of any future dividends by the Issuer will be at the sole discretion of its board of directors.
14. **Possible Dilution:** The Issuer’s Articles of Incorporation authorize the board of directors to issue an unlimited number of Common Shares and Class A Common Shares. The power of the board of directors to issue Common Shares or Class A Common Shares is generally not subject to shareholder approval. Accordingly, any time the board of directors determines that it is in the best interests of the Issuer to issue shares, the investment of existing shareholders will be diluted.
15. **Interest of Subscribers are to be Subordinate to Certain Other Interests:** In the event of a bankruptcy, liquidation or reorganization of the Issuer, creditors will generally be entitled to payment of their claims from the assets of the Issuer before any assets are made available for distribution to the shareholders. The interest of Class A Common Shareholders will be subordinated to all of the other indebtedness and liabilities of the Issuer other than the holders of Common Shares.

#### **Issuer Risk**

Risks that are specific to the Issuer include the following:

1. **Limited Reporting:** The Issuer engages U.S. and Canadian Certified Public Accountants to audit its financial statements on an annual basis. The Issuer will provide copies of the following financial statements for the Issuer to the then current Debentureholders: (i) audited annual financial statements (within 45 days of receipt of same by the Issuer from the Issuer’s auditors); and (ii) management prepared quarterly financial statements (within 45 days of each fiscal quarter-end of the Issuer). The quarterly financial statements shall consist of a statement of income or loss and comprehensive income or loss, a statement of changes in equity and a statement of cash flows for the quarterly period, as well as a statement of financial position as at the end of the quarterly period. **See ITEM 9– Reporting Obligations**

2. **Limited Working Capital:** The Issuer will have a limited amount of working capital as the available proceeds of this Offering are to be used to fund Secured Priority Loans and Secured Subordinated Loans, the proceeds of which are to be used by eCapital Group for Group Purposes and by eCapital Trust to acquire eCapital Trust Investments.
3. **Repayment Risk:** There can be no assurance that if additional funding is required by the Issuer to repay any or all of the Debentures, such financing will be available on terms satisfactory to the Issuer, or at all. If the Issuer does not have sufficient funds on hand to repay any or all of the Debentures and cannot secure financing, it will not be able to repay any or all of the Debentures. The same is applicable to accrued, declared and unpaid dividends.
4. **Funding by eCapital Group and eCapital Trust and affiliates thereof (as applicable):** There can be no assurance that either eCapital Group or eCapital Trust will be able to perform their obligations under the respective Secured Priority Loans, the Secured Subordinated Loans, the eCapital Group Guarantee and/or the eCapital Trust Guarantee, respectively. The obligations of eCapital Group pursuant to the eCapital Group Guarantee are secured and only subject to claims superior by operation of applicable law and are wholly dependent on income derived from the Subsidiary Loan which may be subject to competing and/or superior claims by creditors of Subsidiaries, including holders of Operating Line Debt. The obligations of eCapital Trust pursuant to the eCapital Trust Guarantee are secured and only subject to claims superior by operation of applicable law and are wholly dependent on income derived from its operations. The obligations pursuant to any Secured Subordinated Loan are subject to superior claims, including without limitation in relation to its Debentureholders or by operation of applicable law. If the Issuer does not have sufficient funds on hand to meet its obligations to the Debentureholders or its dividend payments to its Class A Common Shareholders as such obligations come due, and if it cannot secure financing to do so, or if eCapital Group and/or eCapital Trust are not in a position to meet their obligations to the Issuer under the Secured Priority Loans, the Secured Subordinated Loans, or if neither eCapital Group nor eCapital Trust is in a position to perform its obligations under the eCapital Group Guarantee or the eCapital Trust Guarantee, respectively, then the Issuer will not be able to perform its obligations to the Debentureholders or pay dividend to its Class A Common Shareholders under this Offering and, at that time, a return on the investment in the Debentures or the Class A Common Shares would likely be compromised or could be non-existent.
5. **Assets of the Issuer.** The only revenue generating assets of the Issuer are the EGC Note, the eCapital Trust Note, the EGC Subordinated Note and the eCapital Trust Subordinated Note. The Issuer's ability to repay amounts due under the Debentures or in relation to dividend payments with respect to the Class A Common Shares is wholly dependent on Subsidiaries of eCapital Group and on eCapital Trust remaining current in their payment obligations under the Secured Priority Loans and the Secured Subordinated Loans in compliance with their obligations under the Operating Line Debt.
6. **eCapital Group and eCapital Trust Assets.** eCapital Group's ability to satisfy its obligations under the Secured Priority Loans or Secured Subordinated Loans is reliant on the ability of the members of the Group, to generate sustained earnings and cash flows. eCapital Trust's ability to satisfy its obligations under the Secured Priority Loans or Secured Subordinated Loans is reliant on its ability to generate income from its assets.
7. **Operating Subsidiaries.** Loans by eCapital Group to the Operating Subsidiaries are unsecured. There is a risk that such Operating Subsidiaries may not be able to generate the cash flow necessary to service their debt obligations in relation to Secured Priority Loans or Secured Subordinated Loans. Operating Subsidiaries are also not restricted from increasing the quantum of their secured Operating Line Debt which ranks in priority to any loans made to such by eCapital Group. In the event of an insolvency, liquidation, reorganization, dissolution, winding up of any Operating Subsidiary, that Operating Subsidiary's secured creditors would be entitled to payment in full out of that company's assets before eCapital Group would be entitled to any payment on account of the Subsidiary Loans and the Subsidiary Loans rank equally with all of such Operating Subsidiary's other existing and future unsecured indebtedness. The same would be applicable if funds are loaned to other Affiliated Companies of eCapital Group or reallocated to other Affiliated Companies of the Issuer.
8. **Change of Directors:** The issued Common Shares of the Issuer are held by eCapital Holdings. Pursuant to the OBCA and the constating documents of the Issuer, the holders of the Issuer's Common Shares have the exclusive right to elect, change and remove the directors of the Issuer. No contract restricts eCapital Holdings' power to change the directors of the Issuer and no mechanism is available to ensure that Stephen McDonald and Cris Neely will remain directors of the Issuer.
9. **Director Attention:** The directors and officers of the Issuer do not and will not devote all of their time and effort to the affairs of the Issuer; they devote and will continue to devote much of their time and effort to the affairs of the Group and its other Affiliated Companies, and also to unrelated business interests of their own.
10. **Conflict of Interest:** There are other potential conflicts of interest to which the directors and officers of the Issuer may be subject in connection with the operations of the Issuer. Situations may arise where the directors and officers will be in direct

competition or other conflict of interest with the Issuer. Conflicts, if any, will be subject to the procedures and remedies under the OBCA.

11. **Management Ability:** The success of the Issuer's business strategy depends to a certain extent on the efforts and abilities of the Senior Team and on external factors out of the Issuer's control such as, amongst other things; the general political and economic conditions that may prevail from time to time.
12. **Operating History:** Although the Issuer does not directly engage in the business of lending (other than the Secured Priority Loans and Secured Subordinated Loans), the Issuer is indirectly subject to all risks associated with operating businesses, including: losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature the business of the Group. There can be no assurance that any member of the Group, or the Senior Team will be successful in doing what is required in order to overcome these risks. No assurance can be given that these business activities will be successful.
13. **Leverage Risk:** While the Issuer may not utilize an operating line and or third-party financing to assist in the financing of the Issuer's operational cash flow, certain of its Affiliated Companies do use third party financing in their operations on whose success the ability of the Issuer and of eCapital Group to meet their respective obligations indirectly but ultimately depends. Such Affiliated Companies' ability to meet their direct or indirect obligations to the Issuer and/or to eCapital Group may be subject to competing creditor claims which may limit recoveries to holders of Securities.
14. **Enforcement of Security Interests:** Where the net realizable proceeds from the enforcement of the security interest in the assets of eCapital Group are reduced by competing and/or superior priority claims and/or liens or trusts in respect of Subsidiaries (for eCapital Group) or by operation of applicable law, Debentureholders may receive less than their principal amount invested. The net realizable proceeds from the enforcement of the security interest in the assets of eCapital Trust can also be reduced by statutory liens or trust created by operation of applicable law. The same would apply with respect to the Issuer's ability to enforce its security interest in relation to the eCapital Group Subordinated GSA and the eCapital Trust Subordinated GSA.
15. **Regulatory Risk:** Securities regulators in Canada as part of their overall mandate to oversee and instill confidence in the capital markets and to protect, safeguard and regulate the markets, its investors and participants, have the power to consult with, request information from, audit, investigate, and take regulatory and enforcement action against, market participants and their securities offerings. Notwithstanding the ultimate outcome of such investigations or any enforcement activity, publicity of such matters (authorised or unauthorised) may negatively affect the Issuer's ability to raise funds and carry on operations which could impair the ability of the Issuer to pay its obligations as they fall due.
16. **Investment Strategy Risk:** The Issuer's strategy is to rely on the judgment and ability of the Senior Team and the management of the Operating Subsidiaries, to make sound investments and acquisitions. No assurances can be given that the information provided to the Group and/or eCapital Group and/or eCapital Trust and their respective managements' ability and judgment will result in a successful investment strategy.
17. **Economic Slow Down and Worldwide Crisis.** General adverse economic conditions globally, disruptions to the credit and financial markets in Canada and worldwide and local economic turmoil in areas where the Issuer, the Operating Subsidiaries and eCapital Trust (including without limitation their customers) are located or conduct business, may adversely affect the Issuer, including its ability to raise funds and carry on operations which could ultimately impair the ability of the Issuer to pay its obligations as they fall due. Such events may also adversely affect the business of the Operating Subsidiaries and eCapital Trust, including their ability to carry on operations which could impair their ability to pay their obligations as they fall due. In addition, the current worldwide financial and credit crisis has reduced the availability of liquidity and credit to fund the continuation and expansion of industrial business operations worldwide. The shortage of liquidity and credit combined with recent substantial losses in worldwide equity markets may lead to an extended worldwide economic recession. Disruptions, uncertainty or volatility in the financial markets may limit the Issuer's, the Operating Subsidiaries' or eCapital Trust's access to capital or impair their respective operations.

#### **Operational and Industry Risk**

1. **Fraud and Commercial Risk:** In the conduct of their business, the Operating Subsidiaries and eCapital Trust rely on third-party databases, industry experience and internal sources for due diligence which are in turn may be dependent on information provided by customers of Operating Subsidiaries or eCapital Trust. In the event that the information provided by such entities is false or misleading, the Issuer may be indirectly at risk for losses as a result of fraud. Although the

Operating Subsidiaries and eCapital Trust perform such due diligence as they believe adequate to protect against such risk, there are no guarantees that the results of these process are completely accurate.

2. **Currency Foreign Exchange Risk:** The Issuer does not purposely seek to hedge or balance the denomination of its assets and liabilities and therefore, risk exists if there is a rapid adverse change in the exchange rate between the base currency of the investment and the currency of the asset.
3. **Ongoing Deployment of Funds:** Despite a business plan developed by the Group and eCapital Trust to grow its business, there is no guarantee that the Issuer will have the capacity to continuously deploy all of the Securities proceeds.
4. **Insurance:** As disclosed, the Group or eCapital Trust may rely on insurance arranged through reputable carriers as a form of credit enhancement. Recoveries under insurance policies are subject to the credit quality of such carrier and the ability of a claimant to successfully enforce claims made under such policies. There is no assurance that, if disputed by the carrier, such claims will be successful and where a claimant is successful the insurer will be able to satisfy such claims.
5. **Local Market Risk.** The Operating Subsidiaries and eCapital Trust may acquire assets from customers resident in jurisdictions with under-developed legal systems or with limited personal property security regimes. Enforcement of the rights by the Operating Subsidiaries or eCapital Trust in these jurisdictions might be a timely and expensive undertaking.
8. **COVID-19:** Starting in early 2020 and continuing into 2021 and 2022, the COVID-19 pandemic has had a great effect on the global economy. Governmental authorities in Canada and the US have addressed the COVID-19 pandemic with various public health regulations and recommendations to limit the spread of the virus. In the short term, the COVID-19 pandemic has had a severe impact on the global economy, caused large delays to the global supply chain, and has limited domestic and international travel.

The long-term effects of the COVID-19 pandemic cannot be determined at this time and the economic impact of public health measures could continue to affect the Canadian and US economies for an indefinite period of time. Importantly, continued disruptions and volatility in the global capital markets may adversely impact the Issuer's ability to maintain profitability. The Issuer may be adversely affected by effects of COVID-19 on the global economy for an indeterminate period of time and as such, the COVID-19 may constitute a Force Majeure event.

9. **Systemic Risk.** Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which eCapital Trust, the Operating Subsidiaries and their customers interact on a daily basis.
10. **Cyber Security Risk.** The Issuer's and its service providers' use of internet, technology, and information systems may expose the Issuer to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorized party to gain access to proprietary information, customer data, or assets, or cause the Issuer and/or its service providers to suffer data corruption or lose operational functionality.

#### **Enforcement Risks**

1. **Limited Recourse:** There is no assurance that in the event of a default or loss arising from an asset of any Operating Subsidiary or eCapital Trust that the Issuer will be able to recover any amount due to it pursuant to the Secured Priority Loans, the eCapital Group Guarantee or the eCapital Trust Guarantee or the Secured Subordinated Loans. The Class A Common Shareholders have no direct recourse to any assets of the Issuer and returns on such shares are limited to assets of the Issuer after satisfaction of all obligations in priority.
2. **Priorities:** Although the Debentures are secured, the Operating Line Debt ranks in priority to the Operating Subsidiaries' obligations to eCapital Group under their respective loans and may limit or reduce the ability of eCapital Group to repay its debts to the Issuer under the Secured Priority Loans or the Secured Subordinated Loans. Payment of any amounts due and payable under the *Income Tax Act* (Canada), which are either (A) secured by a lien in favour of a governmental authority, and (B) for which the directors of the Issuer may be held personally liable, provided that such amounts are not being contested in good faith by appropriate proceedings will be paid in priority to payments to be made to the Debentureholders.

3. **Co-dependencies between Group Entities:** The value of the collateral securing the Debentures may not be sufficient to satisfy the Issuer's obligations under the Debentures. The Issuer may not be able to realize on its security in relation to the Secured Priority Loans or Secured Subordinated Loans and repayment to the Debentureholders and payment of accrued, declared and unpaid dividends is dependant on the ability of the Operating Subsidiaries and eCapital Trust and its subsidiaries to fund their direct or indirect obligations. Dividends, if and when declared, on the Class A Common Shares are not secured obligations of the Issuer.
4. **Insolvency Law Risk:** Applicable insolvency laws may impact the Security Trustee's ability to enforce remedies under the Trust Indenture by requiring court approval for a restructuring proposal to be binding, allowing a court to grant a stay in insolvency proceedings in favour of the Issuer and/or allowing a debtor or creditor to use the insolvency legislation as a mechanism to effect a sale of all, or part of the Debtor's business, property and/or assets.

## **ITEM 9- REPORTING OBLIGATIONS**

### **9.1 Reporting to Debentureholders and Class A Shareholders**

**Except as specifically provided for herein, the Issuer is not required to send you any documents on an annual or ongoing basis.**

The Issuer is not a reporting issuer in any jurisdiction. Except as provided for herein, the Issuer is not required to send the Subscribers any documents on an annual or ongoing basis. Specifically, the Issuer is not required to disclose Material Changes which occur in its business and affairs, nor is it required to file with the securities regulatory authorities audited interim financial statements or audited year-end financial statements.

The Issuer engages Certified Public Accountants to audit its financial statements on an annual basis. The Issuer will provide copies of the following financial statements of the Issuer to the then current Debentureholders: (i) audited annual financial statements (within 45 days of receipt of same by the Issuer from the Issuer's auditors); and (ii) management prepared quarterly financial statements (within 45 days of each fiscal quarter-end of the Issuer). The quarterly financial statements shall consist of a statement of income or loss and comprehensive income or loss, a statement of changes in equity and a statement of cash flows for the quarterly period, as well as a statement of financial position as at the end of the quarterly period.

## **ITEM 10- RESALE RESTRICTIONS**

### **10.1 General Statement**

The Securities will be subject to a number of resale restrictions, including a restriction on trading, as prescribed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Securities unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation.

Subscribers should seek independent legal advice in respect of the resale restrictions applicable to the Securities.

### **10.2 Restricted Period**

Unless permitted under applicable securities legislation, you cannot trade the Securities before the date that is four (4) months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

The Issuer does not intend to become a reporting issuer in any province or territory of Canada.

Subscribers should seek independent legal advice in respect of the restricted periods applicable to the Debentures.

## **ITEM 11 - PURCHASERS' RIGHTS**

**If you purchase the Securities, you will have certain rights, some of which are described below. For complete information about your rights, you should consult a lawyer.**

### **11.1 Two (2) Day Cancellation Right for a Subscriber**

You can cancel your agreement to purchase the Securities. To do so, you must send a notice to the Issuer before midnight on the second Business Day after you sign the applicable Subscription Agreement in respect of the Securities.

## 11.2 Statutory Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the jurisdiction which Securities are offered for sale to persons (collectively the “**Offering Jurisdictions**” and each an “**Offering Jurisdiction**”) provides that Subscribers have or must be granted rights of rescission or damages, or both, where an offering memorandum (such as this Offering Memorandum) and any amendment or supplement thereto contains a Misrepresentation. As used herein, “**Misrepresentation**” means: (a) in the case of all jurisdictions except Québec, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made; and (b) in the case of Québec, any misleading information on a material fact as well as any omission of a material fact. A “**material fact**” is generally defined under applicable securities legislation as a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the Securities. A Subscriber who acquires Securities offered under this Offering Memorandum shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase of the Securities.

These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the Subscriber within the time limits prescribed by applicable securities legislation. The rights discussed below are in addition to and without derogation from any other right or remedy which Subscribers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein.

The following summaries are subject to the express provisions of the applicable securities statutes and instruments in the Offering Jurisdictions and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. By its execution of the Subscription Agreement, the Issuer will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors. Each Subscriber should refer to the applicable securities laws of their Offering Jurisdiction for particulars of any rights which may be available to them or consult with a legal advisor.

### Rights for Subscribers in the Province of Ontario

Section 130.1 of the *Securities Act* (Ontario) (the “**Ontario Act**”) provides that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a Misrepresentation. A Subscriber resident in the Province of Ontario who purchases Securities offered by this Offering Memorandum or any amendment thereto during the period of distribution has, without regard to whether or not the Subscriber relied upon the Misrepresentation, a statutory right of action against the Issuer and any selling security holder for damages or, alternatively, while still the owner of the Securities, for rescission against the Issuer and any selling security holder, provided that:

- (a) if the Subscriber elects to exercise its right of rescission, the Subscriber shall cease to have a right of action for damages as against the Issuer and the selling security holders, if any;
- (b) the Issuer and the selling security holders, if any, will not be liable if it proves that the Subscriber acquired the Securities with knowledge of the Misrepresentation;
- (c) in the case of an action for damages, no person or company shall be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Securities as a result of the Misrepresentation relied upon;
- (d) in no case shall the amount recoverable in any action exceed the price at which the Securities were offered under this Offering Memorandum; and
- (e) no person or company shall be liable for a Misrepresentation in forward-looking information if the person or company proves that:
  - (i) the document containing the forward-looking information contained, proximate to that information,
    - (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and
    - (B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information, and
  - (ii) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce the foregoing rights more than:

- (a) in an action for rescission, 180 days from the date of purchase of the Securities; or
- (b) in the case of an action for damages, the earlier of: (i) 180 days after the date that the Subscriber first had knowledge of the



Misrepresentation; or (ii) three (3) years after the date of purchase of the Securities.

This Offering Memorandum may be delivered in reliance on the exemption from the prospectus requirements contained under section 2.3 of NI 45-106 (the “accredited investor exemption”). The rights referred to in Section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this Offering Memorandum) delivered to a Subscriber in connection with a distribution made in reliance on the accredited investor exemption if the Subscriber is:

- (a) a Canadian financial institution, meaning either:
  - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under that Act;
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

This summary is subject to the express provisions of the Ontario Act and the regulations and rules made under it, and Subscribers resident in Ontario should refer to the complete text of those provisions or consult with a legal advisor. Such provisions may contain additional limitations and statutory defences on which the Issuer may rely. The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which Subscribers may have at law.

#### **Rights for Subscribers in the Province of Alberta**

Section 204 of the *Securities Act* (Alberta) (the “**Alberta Act**”) provides that if an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a Subscriber of Securities pursuant to this Offering Memorandum who is a resident in Alberta is deemed to have relied on the Misrepresentation, if it was a Misrepresentation at the time of purchase, and has a right of action (a) for damages against (i) the Issuer, (ii) every director of the Issuer at the date of the Offering Memorandum, and (iii) every person or company who signed the Offering Memorandum, and (b) for rescission against the Issuer, provided that:

- (a) if the Subscriber elects to exercise its right of rescission, the Subscriber shall cease to have a right of action for damages against any person or company referred to above;
- (b) no person or company referred to above shall be liable if it proves that the Subscriber acquired the Securities with knowledge of the Misrepresentation;
- (c) other than with respect to the Issuer, no person or company referred to above will be liable if it proves that the Offering Memorandum was sent to the Subscriber without the person’s or company’s knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Issuer that it was sent without the knowledge and consent of the person or company;
- (d) other than with respect to the Issuer, no person or company referred to above will be liable if it proves that the person or company, on becoming aware of the Misrepresentation in the Offering Memorandum, withdrew the person’s or company’s consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it;
- (e) other than with respect to the Issuer, no person or company referred to above will be liable if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have reasonable grounds to believe and did not believe that:
  - (i) there had been a Misrepresentation; or
  - (ii) the relevant part of the Offering Memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;
- (f) other than with respect to the Issuer, no person or company will be liable with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:

- (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation, or
  - (ii) believed or had reasonable ground to believe that there had been a Misrepresentation;
- (g) a person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:
- (i) this Offering Memorandum contains, proximate to that information:
    - i. reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
    - ii. a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (h) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Securities as a result of the Misrepresentation;
- (i) in no case shall the amount recoverable in any action exceed the price at which the Securities were acquired by the Subscriber under this Offering Memorandum.

Section 211 of the Alberta Act provides that no action may be commenced to enforce the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of purchase of the Securities; or
- (b) in the case of any other action, other than an action for rescission, the earlier of: (i) 180 days after the Subscriber first had knowledge of the Misrepresentation; or (ii) three (3) years after the date of purchase of the Securities.

The foregoing summary is subject to the express provisions of the Alberta Act and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain additional limitations and statutory defences on which the Issuer may rely. The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which Subscribers may have at law.

#### **Rights for Subscribers in the Provinces of British Columbia**

Section 132.1 of the *Securities Act* (British Columbia) (the “**British Columbia Act**”) provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a Misrepresentation, a Subscriber resident in British Columbia to whom this Offering Memorandum has been delivered to and who purchases the Securities shall be deemed to have relied on the Misrepresentation and shall have at law a statutory right of action (a) for damages against (i) the Issuer, (ii) every director of the Issuer at the date of this Offering Memorandum, and (iii) every person who signed this Offering Memorandum, and (b) for rescission against the Issuer, provided that:

- (a) if the Subscriber elects to exercise its right of rescission, the Subscriber shall cease to have a right of action for damages as against any person or company referred to above;
- (b) no person or company referred to above shall be liable if it proves that the Subscriber acquired the Securities with knowledge of the Misrepresentation;
- (a) other than with respect to the Issuer, no person or company will be liable if it proves that this Offering Memorandum was sent or delivered to the Subscriber without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the Issuer that it was delivered without the person’s or company’s knowledge or consent;
- (b) other than with respect to the Issuer, no person or company will be liable if it proves that after delivery of this Offering Memorandum and after becoming aware of the Misrepresentation, the person or company withdrew the person’s or company’s consent to the Offering Memorandum and gave reasonable notice to the Issuer of the withdrawal and the reason for it;
- (c) other than with respect to the Issuer, no person or company referred to above will be liable if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have

reasonable grounds to believe and did not believe that:

- (i) there had been a Misrepresentation; or
  - (ii) the relevant part of the Offering Memorandum did not fairly represent the expert's report, opinion or statement, or was a fair copy of, or an extract from, an expert's report, opinion or statement;
- (d) other than with respect to the Issuer, no person or company is liable with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority or not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
- (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
  - (ii) believed or had reasonable grounds to believe that there had been a Misrepresentation;
- (a) a person or company is not liable in an action for a Misrepresentation in forward-looking information if the person or company proves that:
- (i) this Offering Memorandum contains, proximate to that information:
    - (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
    - (B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
  - (ii) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information;
- (e) in the case of an action for damages, no person or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Securities as a result of the Misrepresentation relied upon; and
- (f) in no case will the amount recoverable in any action exceed the price at which the Securities were offered to the Subscriber under this Offering Memorandum.

Section 140 of the British Columbia Act provides that no action shall be commenced to enforce the foregoing rights more than:

- (a) in the case for an action for rescission, 180 days after the date of purchase of the Securities; or
- (b) in the case of an action for damages, the earlier of: (i) 180 days after the date that the Subscriber first had knowledge of the Misrepresentation; or (ii) three (3) years after the date of purchase of the Securities.

The foregoing summary is subject to the express provisions of the British Columbia Act and the rules, regulations and other instruments thereunder, and reference is made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Issuer may rely. The rights of action for damages or rescission discussed above are in addition to, and without derogation from, any other right or remedy which Subscribers may have at law.

### **Rights for Purchasers in Québec**

In addition to any other right or remedy available to the Subscriber at law, if this Offering memorandum, together with any amendments hereto, is delivered to a Subscriber of Securities resident in Québec and contains a Misrepresentation and it was a Misrepresentation at the time of purchase of Securities by such Subscriber, the Subscriber will be deemed to have relied upon the Misrepresentation and will have a statutory right of action under Québec legislation.

Statutory rights of action available to Subscribers resident in Québec are outlined in Section 221 of the *Securities Act* (Quebec). Section 221 provides that the rights of action established under Section 217 to 219, which deal with Misrepresentation contained in a prospectus, also apply to Subscribers of Securities under an offering memorandum (such as this Offering Memorandum) prescribed by regulation. In the event that a Subscriber who has acquired Securities pursuant to this Offering Memorandum contains a Misrepresentation, the Subscriber may apply to have the contract rescinded or the price revised, without prejudice to a claim for damages. The right of action for rescission or for revision of the purchase price is prescribed by the lapse of three (3) years from the date of transaction. The defendant may defeat the application only if it is proved that the Subscriber had acquired the Securities with knowledge of the Misrepresentation.

The Subscriber may claim damages from the Issuer, the directors of the Issuer at the date of this Offering Memorandum, and every person who signed this Offering Memorandum. Additionally, the Subscriber may claim damages from the expert, if applicable, whose opinion, containing a Misrepresentation, appeared, with his consent, in this Offering Memorandum. The right of action for damages is prescribed by the lapse of three years from knowledge of the facts giving rise to the action, to a maximum of five years

from the filing of the Offering Memorandum with Autorité des marchés financiers. In the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves does not represent the depreciation in value of the Securities as a result of the Misrepresentation relied upon.

### **11.3 Contractual Right of Action in the Event of a Misrepresentation**

If the securities legislation of the Offering Jurisdiction in which the Subscriber is resident does not provide Subscribers with a comparable statutory right of action in the event of a Misrepresentation in this Offering Memorandum or any amendment or supplement thereto, the Subscriber shall have a contractual right against the Issuer for rescission or damages whether or not it relied on the Misrepresentation, provided that:

- (a) in no case shall the amount recoverable in any action exceed the price at which the Securities were offered to the Subscriber under this Offering Memorandum;
- (b) in an action for damages, the Issuer shall not be liable for all or any portion of the damages that do not represent the depreciation in value of the Securities as a result of the Misrepresentation relied upon;
- (c) the contractual right of action is in addition to, and without derogation from, any other right or remedy which the Subscriber may have at law.

A Subscriber that intends to enforce the foregoing rights shall commence the action, as they case may be, by delivering a notice to the Issuer:

- (a) in the case of an action for rescission, no more than 180 days from the date of purchase of the Securities;
- (b) in the case of an action for damages, within the earlier of (i) 180 days after the Subscriber first had knowledge of the Misrepresentation; and (ii) three (3) years after the date of purchase of the Securities.

### **GENERAL**

**THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.**

**It is recommended that subscribers consult with their own legal advisers with respect to their rights and the remedies available to them. Subscribers should pay particular attention to any time limits prescribed by the relevant securities legislation. The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.**

**The Subscriber acknowledges that he/she/it has requested and is satisfied that this Offering Memorandum and all documentation related thereto be drawn up in the English language. Le souscripteur reconnaît qu'il a exigé que cette notice d'offre ainsi que toutes les autres documents qui s'y rattachent soit rédigé et exécuté en anglais et s'en déclare satisfait.**

**ITEM 12 – AUDITED ANNUAL FINANCIAL STATEMENTS**

- 12.1 Audited Annual Financial Statements for the Years Ended December 31, 2022 and 2021 for the Issuer.**
- 12.2 Audited Consolidated Annual Financial Statements for the Years Ended December 31, 2022 and 2021 for eCapital Group.**

[The remainder of this page has been intentionally left blank.]



**Consent of Independent Public Accountants**

We consent to the inclusion of our report dated March 30, 2023 on the financial statements of eCapital Bond Corp. and the report dated May 9, 2023 on the consolidated financial statements of eCapital Group Corp. and Subsidiaries both as of and for the years ended December 31, 2022 and 2021, appearing in this Confidential Offering Memorandum.

Mayer Hoffman McCann P.C.

*Mayer Hoffman McCann P.C.*

May 18, 2023  
St. Petersburg, Florida

**Mayer Hoffman McCann P.C.**  
140 Fountain Parkway North  
Suite 410  
St. Petersburg, FL 33716

Phone: 727.572.1400  
Fax: 727.571.1933  
[mhmcpa.com](http://mhmcpa.com)



**ECAPITAL BOND CORP.**

**Financial Statements  
(Expressed in United States Dollars)**

**December 31, 2022 and 2021  
(With Independent Auditors' Report Thereon)**



## Independent Auditors' Report

To the Board of Directors  
eCapital Bond Corp.:

### **Opinion**

We have audited the financial statements of eCapital Bond Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the related statements of income and comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit, which includes relevant ethical requirements of the United States of America. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for disclosing, as applicable, matters relating to going concern; and to use the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Mayer Hoffman McCann P.C.**  
140 Fountain Parkway North  
Suite 410  
St. Petersburg, FL 33716

Phone: 727.572.1400  
Fax: 727.571.1933  
[mhmcpa.com](http://mhmcpa.com)





### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mayer Hoffman McCann P.C.*

March 30, 2023  
St. Petersburg, Florida

ECAPITAL BOND CORP.

Statements of Financial Position  
(Expressed in United States Dollars)

December 31, 2022 and 2021

<b>Assets</b>	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 15,238,290	9,500,207
Trust receivables and other - current portion	745	199,839,696
Notes receivable from related parties	217,861,669	-
Accrued interest on notes receivable from related parties	15,180,382	7,818,317
Income taxes refundable	-	568,567
<b>Total current assets</b>	<u>248,281,086</u>	<u>217,726,787</u>
<b>Other assets:</b>		
Trust receivables and other - non-current portion	-	1,300,000
Deferred tax assets	-	179,630
<b>Total assets</b>	<u>\$ 248,281,086</u>	<u>219,206,417</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accrued expenses and other liabilities	\$ 2,059,635	1,733,632
Debentures payable, net - current portion	<u>31,399,292</u>	<u>70,616,000</u>
<b>Total current liabilities</b>	33,458,927	72,349,632
Debentures payable, net - non-current portion	198,778,464	147,444,402
Deferred tax liabilities, net	<u>256,911</u>	<u>-</u>
<b>Total liabilities</b>	232,494,302	219,794,034
<b>Equity (Deficit):</b>		
Common shares	15,090,390	745
Cumulative foreign currency translation reserve	19,053	19,053
Retained earnings (accumulated deficit)	<u>677,341</u>	<u>(607,415)</u>
<b>Total equity (deficit)</b>	<u>15,786,784</u>	<u>(587,617)</u>
<b>Total liabilities and equity</b>	<u>\$ 248,281,086</u>	<u>219,206,417</u>

See accompanying independent auditors' report and notes to financial statements.

3

ECAPITAL BOND CORP.

Statements of Income and Comprehensive Income  
(Expressed in United States Dollars)

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Finance income;		
Interest income	\$ 20,887,401	20,809,510
Finance costs:		
Interest expense	17,774,822	16,686,999
Amortization of debt issuance costs	<u>1,891,543</u>	<u>1,830,759</u>
Total finance costs	<u>19,666,365</u>	<u>18,517,758</u>
Net finance income	1,221,036	2,291,752
Expenses:		
General and administrative	<u>1,080,872</u>	<u>490,364</u>
Total expenses	<u>1,080,872</u>	<u>490,364</u>
Earnings before foreign exchange income	140,164	1,801,388
Realized foreign exchange loss	(1,436,794)	(2,697,657)
Unrealized foreign exchange gain	<u>3,526,026</u>	<u>2,663,459</u>
Total foreign exchange gain (loss)	<u>2,089,232</u>	<u>(34,198)</u>
Net income before income taxes	2,229,396	1,767,190
Income taxes:		
Current income tax expense	199,960	16,510
Deferred income tax expense	<u>436,541</u>	<u>508,577</u>
Income tax expense	<u>636,501</u>	<u>525,087</u>
Net income	<u>\$ 1,592,895</u>	<u>1,242,103</u>

See accompanying independent auditors' report and notes to financial statements.

4

ECAPITAL BOND CORP.

Statements of Changes in Equity (Deficit)  
(Expressed in United States Dollars)

Years Ended December 31, 2022 and 2021

	Common Shares	Cumulative	Retained	Total
	Shares	Foreign	Earnings/ (Accumulated	Equity
	Capital	Currency	Deficit)	
		Translation		
		Reserve		
Balance, January 1, 2021	1,000	19,053	(1,849,518)	(1,829,720)
Net income and comprehensive income	-	-	1,242,103	1,242,103
Balance, December 31, 2021	1,000	19,053	(607,415)	(387,617)
Issuance of Class A common shares, net	20,705	-	-	15,089,645
Dividends	-	-	(308,139)	(308,139)
Net income and comprehensive income	-	-	1,592,895	1,592,895
Balance, December 31, 2022	21,705	19,053	677,341	15,786,784

See accompanying independent auditors' report and notes to financial statements.

**ECAPITAL BOND CORP.**

**Statements of Cash Flows**  
(Expressed in United States Dollars)

**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Cash provided by (used in):		
Operations:		
Net income	\$ 1,592,895	1,242,103
Items not affecting cash:		
Deferred income taxes	436,541	508,577
Amortization of debt issuance costs	1,891,543	1,830,759
Gain on foreign currency exchange	(3,526,026)	(2,663,459)
Write-off of income tax receivable	568,567	-
	963,520	917,980
Net changes in working capital:		
Accrued interest on notes receivable from related parties	(7,362,065)	(6,249,288)
Prepaid expenses	-	704
Accrued expenses and other liabilities	189,119	385,085
Income taxes receivable (payable)	-	(206)
	(6,209,426)	(4,945,725)
Financing:		
Payments for Trust receivables and other	-	(20,217,812)
Proceeds from issuance of debentures payable	64,185,648	114,169,719
Repayment of debentures payable	(53,051,030)	(78,579,879)
Debt issuance costs paid	(2,060,345)	(2,945,983)
Payments under notes receivable from related parties	(12,045,154)	-
Common shares issued	15,524,713	-
Common share issuance costs	(435,068)	-
Dividends paid	(171,255)	-
	11,947,509	12,426,045
Net change in cash	5,738,083	7,480,320
Cash, beginning of year	9,500,207	2,019,887
Cash, end of year	\$ 15,238,290	9,500,207
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 17,663,228	16,439,040
Supplemental disclosure of financing information:		
Accrued dividends	\$ 136,884	-
Debenture issuance to be repaid through notes receivable from related parties	\$ 13,417,332	-
Exchange of Trust Receivables and other for notes receivable from related parties	\$ 201,138,951	-

See accompanying independent auditors' report and notes to financial statements.

6

**ECAPITAL BOND CORP.**

**Notes to Financial Statements  
(Expressed in United States Dollars)**

**December 31, 2022 and 2021**

**(1) Nature of Operations**

eCapital Bond Corp. (the “Company”) (was incorporated under the Business Corporations Act (Ontario) on December 8, 2014. The Company is a special purpose vehicle created for the purposes of raising capital through the issuance of debentures and sale of common shares. The proceeds of which are intended to be used to fund Secured Priority Loans and Secured Subordinated Loans. The Company’s fiscal year-end is December 31.

On December 31, 2017, Global Fund Holdings, Corp., the former parent company of the Company, sold 100% the Company’s common stock to eCapital Holdings Corp., which became the new parent company of the Company as of December 31, 2017. These financial statements do not include any adjustments related to this acquisition.

On June 1, 2018, eCapital Holdings Corp. sold 100% of the Company’s common stock to eCapital Group Corp. (the “Parent Company”), which became the new parent company of the Company as of June 1, 2018. These financial statements do not include any adjustments related to this acquisition.

On May 22, 2020, the shareholders/directors authorized an amendment to change the name of the company from GMF Series III Inc. to eCapital Bond Corp.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). They have been prepared under the assumption that the Company operates on a going concern.

The financial statements for the years ended December 31, 2022 and 2021 were approved and authorized for issuance by the Board of Directors on March 30, 2023 and April 27, 2022, respectively.

**(b) Functional Currency**

The functional currency of the Company’s books and records are maintained in United States Dollar (“USD”).

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(c) **Use of Estimates and Key Judgments**

The preparation of the financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The key sources of estimation uncertainty and judgment that have a significant risk that may cause a material adjustment to the accounts recognized in the financial statements are:

(i) **Income Taxes**

Significant judgment is required in determining the provision for income taxes, including the probability of recovery of deferred tax assets, when applicable. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

(ii) **Fair Value of Financial Instruments**

The estimated fair values of financial liabilities, by their nature, are subject to measurement uncertainty.

(iii) **Allowance for Expected Credit Losses**

IFRS 9 - *Financial Instruments*, requires an expected credit loss ("ECL") impairment model applicable to all debt instruments within financial assets classified as amortized cost or at fair value through other comprehensive income ("FVTOCI"), as well as certain off-balance sheet loan commitments. The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated allowance is designed to be an unbiased and probability-weighted amount that has been determined by: evaluating possible outcomes; the time value of money; reasonable and supportable information about past events; and current and forecasted economic conditions.

The IFRS 9 ECL approach has three stages:

*Stage 1* - Includes financial instruments that have not had a significant increase in credit risk since initial recognition, or that have low credit risk at the reporting date; An ECL equal to expected credit losses resulting from default events over the next 12 months is recognized and interest revenue is calculated on the assets' gross carrying amounts.

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(c) Use of Estimates and Key Judgments - Continued

(iii) Allowance for Expected Credit Losses - Continued

*Stage 2* - Includes financial instruments that have had significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment at the reporting date; An ECL equal to expected credit losses resulting from default events over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts. In general, an asset's lifetime is considered to be its remaining contractual lifetime.

*Stage 3* - Includes financial instruments that have objective evidence of impairment at the reporting date; The lifetime ECL is recognized and interest revenue is calculated on the assets' net carrying amounts, which are determined as the asset amount net of their lifetime ECL.

(iv) Functional Currency

Management applies judgment in assessing the functional currency of the Company.

(v) Provisions and Contingencies

Management judgement is required to assess whether provisions and contingencies should be recognized or disclosed and at what amount. Management bases its decisions on past experiences and other factors it considers to be relevant on a case-by-case basis.

(vi) Offsetting Financial Assets and Liabilities

Management is required to apply judgment in determining whether the Company can offset financial assets and liabilities based on the terms of agreements relating to the financial assets and liabilities.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts and all liquid debt instruments purchased with a maturity of three months or less.

(e) Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consists primarily of trust receivables and other, notes receivable from related parties, accrued interest receivable, income taxes refundable, deferred tax assets, and cash and cash equivalents. The Company places its cash and cash equivalents with what management believes to be high credit quality financial institutions.



ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(f) **Revenue Recognition**

The Company earns interest income, fee income and other income as determined by each agreement or the trust agreement with eCapital Trust Corp. or the "Trust", a related party under common ownership. Interest income is accrued on the unpaid principal balance of note receivables with related parties and the unpaid principal balance of the asset or trade financed receivables held through the Trust.

(g) **Transaction Costs**

Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs include fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Transaction costs should be included in the initial measurement of financial assets and financial liabilities other than those at fair value through profit or loss. For financial assets not measured at fair value through profit or loss, transaction costs are added to the fair value at initial recognition. For financial liabilities, transaction costs are deducted from the fair value at initial recognition.

For financial instruments that are measured at amortized cost, transaction costs are subsequently included in the calculation of amortized cost using the effective interest method, and in effect, amortized through profit or loss over the life of the instrument. The Company amortized its debt issuance costs to interest expenses over the life of the related debentures.

For financial instruments that are measured at fair value through other comprehensive income, transaction costs are recognized in other comprehensive income as part of a change in fair value at the next remeasurement.

For financial instruments that are measured at fair value through profit and loss, transaction costs are recognized immediately as an expense.

(h) **Income Taxes**

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(h) Income Taxes - Continued

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the statement of financial position and their corresponding tax bases used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company recognizes accrued interest, when applicable, related to unrecognized tax benefits and penalties in general and administrative expenses. At December 31, 2022 and 2021, there was no impact to the financial statements relating to accounting for uncertainty in income taxes.

(i) Financial Instruments

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Under IFRS 9, such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

*Financial Assets*

The Company classifies its financial assets into three categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

*Amortized Cost* - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(i) **Financial Instruments - Continued**

*Financial Assets - Continued*

*Fair Value Through Other Comprehensive Income ("FVTOCI")* - Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in OCI are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment that is neither held for trading nor represents contingent consideration recognized by an acquirer in business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

*Fair Value Through Profit and Loss ("FVTPL")* - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

*Financial Liabilities*

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

*FVTPL* - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception.

IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(i) Financial Instruments - Continued

*Financial Liabilities - Continued*

*Amortized Cost* - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

(j) Fair Value Hierarchy

IFRS 7 - *Financial Instruments: Disclosures*, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of the financial assets and liabilities at December 31, 2022 and 2021 is as follows:

<u>Financial Instrument</u>	<u>Classification under IFRS 9</u>
Cash and cash equivalents	Amortized cost
Trust receivables and other	Amortized cost
Notes receivable from related parties	Amortized cost
Accrued interest receivable	Amortized cost
Accrued expenses and other liabilities	Amortized cost
Debentures payable	Amortized cost

The Company's financial assets and liabilities consisting of the trust receivables and other, notes receivable due from related parties, accrued interest on notes receivable from related parties, accrued expenses and other liabilities, and debentures payable, approximate fair value primarily due to their market rates of interest.

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(k) Share Capital

Common shares are classified as equity. Under IFRS 9, *Financial Instruments*, transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The Company records costs directly attributable to the issuance of shares as a deduction from the value of common shares issued within the accompanying statement of equity.

Dividends declared during the year are recognized as reduction of retained earnings (accumulated deficit) within the accompanying statement of equity.

(l) Foreign Currency Transactions

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities denominated in currencies other than the USD were translated into USD at the exchange rates prevailing at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency were translated using the exchange rates on the date of transactions.

Non-monetary items that are measured at fair value in a foreign currency were translated using the exchange rate at the date when the fair value was measured. Revenue and expenses were translated into USD at the average exchange rates prevailing during the period. All resulting exchange differences are recognized in profit or loss.

(m) Future Accounting Pronouncements

*IAS 1 - Amendments on Classifications and Disclosure of Accounting Policies*

On January 23, 2020, the International Accounting Standards Board ("IASB") issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods after January 1, 2022, however their effective date has been delayed to January 1, 2023.

On February 12, 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Amendments are effective for annual periods beginning on or after January 1, 2023.

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(m) Future Accounting Pronouncements - Continued

*IAS 12 - Amendments on Deferred Taxes*

On May 7, 2021, the IASB issued *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)* that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023.

*IAS 8 - Amendments on Accounting Policies, Changes in Accounting Estimates and Errors*

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023.

(3) Trust Receivables and Other

The trust receivables and other at December 31, 2022 and 2021, consists of:

	2022	2021
Trust financed receivables	\$ -	10,922,312
Trust cash	-	10,698,358
Trust related party receivables	-	177,638,721
Other related party	-	579,560
Other	745	745
Total trust receivables and other - current portion	745	199,839,696
Note receivable due from eCapital Factoring (Holding) Corp.	-	1,300,000
Total trust receivables and other - non-current	-	1,300,000
Total trust receivables and other	\$ 745	201,139,696

The Company invested in a portfolio of investments directly related to trade financed receivables, asset-based financed receivables, and factoring receivables held by the Custodian/Trust (collectively, the "Trust Financed Receivables"). The Trust acts as the Custodian for all assets assigned to the benefit of the Company. The Company entered into a "Collateral Management" agreement with eCapital Holdings Corp. (the "Collateral Manager" and the ultimate parent company of the Company.), a company under common control. Under the terms of this agreement, the Company transferred to the Collateral Manager the right to earn income generated by the Company's investment portfolio, which is recorded as trust receivables and other within the accompanying balance sheets.



ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(3) Trust Receivables and Other - Continued

In consideration, the Company received from the Custodian/Trust revenue in the form of interest income through the Conveyance date. For the years ended December 31, 2022 and 2021, interest income earned from the investment portfolio totaled approximately \$5,435,000 and \$20,777,000, respectively, of which approximately \$0 and \$7,818,000 was receivable at December 31, 2022 and 2021.

At December 31, 2021, 100% of the Trust Financed Receivables were comprised of two clients. As the individual loans and factored assets comprising the eligible investments turnover, the Company seeks to re-invest the net proceeds in additional investments.

Effective April 14, 2022, the Trust is no longer a bare trust. The Company entered into a Deed of Settlement with the Trust, where the Company surrendered, conveyed and assigned to the Trust all of its rights, and interests in and to the assets defined in the Custodian Declaration under the Collateral Management Agreement ("Conveyance"). The Trust accepted the Conveyance and in consideration for the Conveyance, issued the Company a promissory note and pledged all of its assets and undertakings to the Company (Note 4).

(4) Notes Receivable from Related Parties

On April 14, 2022, the Company entered into a grid promissory note ("Trust Note") with the Trust (the "Borrower"), for the principal sum of \$250,000,000. The note carries a variable interest rate (8.18% at December 31, 2022) and payment is due and payable upon the earlier of the Company's demand for repayment or December 31, 2022. The principal amount of the note at December 31, 2022 is \$116,209,267 and the related accrued interest is \$4,261,570.

On January 1, 2023, the Trust Note was replaced by a new promissory note with the Trust for principal sum of \$200,000,000. The promissory note carries a 9% interest rate per annum and is payable upon demand.

On November 1, 2022, the Company entered into a grid promissory note ("Group Note") with the Parent Company, for the principal sum of \$150,000,000. Interest on the principal amount outstanding is payable at 9% per annum. **Payment on the note is due upon the Company's demand for.** The principal amount of the note at December 31, 2022 is \$101,642,402 and the related accrued interest is \$10,918,812.

**ECAPITAL BOND CORP.**

**Notes to Financial Statements - Continued  
(Expressed in United States Dollars)**

**(5) Debentures Payable, Net**

Debentures payable, net at December 31, 2022 and 2021, consists of:

	<b>2022</b>	<b>2021</b>
<b>Denominated in U.S. dollars</b>	\$ 35,465,000	29,705,000
<b>Denominated in Canadian dollars translated into U.S. dollars</b>	198,115,422	191,589,266
	233,580,422	221,294,266
<b>Less: transaction costs</b>	(3,402,666)	(3,233,864)
	<b>\$ 230,177,756</b>	<b>218,060,402</b>

The Company filed an Offering Memorandum ("OM") on September 23, 2022, and May 12, 2020, offering debentures at 3 year and 5 year terms. The debentures issued by the Company as part of the 2022 OM are secured obligations which bear interest at 8% per annum for the 3 year issuance term and LIBOR plus 500 basis points (9.78% at December 31, 2022) per annum for the 5 year issuance term. The debentures issued by the Company as part of the 2020 OM are secured obligations which bear interest at 8% or 8.25% per annum for the 3 year issuance term and LIBOR plus 500 basis points (5.17% at December 31, 2021) per annum for the 5 year issuance term. The debentures are not convertible at any time into any securities of the Company.

The face value of all debentures outstanding at December 31, 2022 and 2021, consists of the following:

	<b>2022</b>	<b>2021</b>
Three year term	\$ 233,580,422	214,195,066
Five year term	-	7,099,200
	<b>\$ 233,580,422</b>	<b>221,294,266</b>



**ECAPITAL BOND CORP.**

**Notes to Financial Statements - Continued**  
(Expressed in United States Dollars)

(5) **Debentures Payable, Net - Continued**

The future minimum payment commitment for the debentures at December 31, 2022 for the next three years, are approximately, as follows:

<u>Year Ending December 31,</u>	
2023	\$ 33,033,000
2024	107,994,000
2025	92,554,000

Debt issuance costs incurred for the years ended December 31, 2022 and 2021, amounted to approximately \$2,060,000 and \$2,946,000, respectively. Amortization of approximately \$1,892,000 and \$1,831,000, respectively, was recorded during the years ended December 31, 2022 and 2021, and included in amortization of debt issuance costs in the accompanying statements of income or loss and comprehensive income or loss.

Accrued interest payable as December 31, 2022 and 2021, amounted to approximately \$1,645,000 and \$1,532,000 respectively, and is included in accrued expenses and other liabilities in the accompanying statements of financial position.

(6) **Share Capital**

Share consists of the following:

- Common shares, 1 par value (CAD), authorized, issued and outstanding 1,000 shares, non-cumulative dividends as declared by the Board of Directors;
- Class A common shares, 1,000 par value (CAD, USD, EUR or GBP), authorized 200,000 shares, dividends are declared monthly in the amount of 1% of the subscription price, payable on the 15<sup>th</sup> day of the calendar month next following the month in which it was declared.

Share capital breakdown at December 31, 2022 and 2021 is as follows:

	<u>Shares</u>		<u>Cost</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Common shares	1,000	1,000	\$ 745	745
Class A common shares	20,705	-	15,089,645	-
	<u>21,705</u>	<u>1,000</u>	<u>\$ 15,090,390</u>	<u>745</u>

ECAPITAL BOND CORP.

Notes to Financial Statements - Continued  
(Expressed in United States Dollars)

(6) **Share Capital - Continued**

During the year ended December 31, 2022, the Company declared the following dividends:

Common shares	\$	-
Class A common shares		<u>308,139</u>
	\$	<u><u>308,139</u></u>

As at December 31, 2022, the Company has accrued for \$136,884 in declared dividends which is recorded within the accrued expenses and other liabilities within the accompanying 2022 balance.

(7) **Related Party Transactions**

As disclosed in Note 3, during 2021 and through Conveyance, through the Trust, the Company's trust receivables and other includes notes receivable from its ultimate parent company, eCapital Holdings Corp.

As disclosed in Note 4, subsequent to Conveyance, the Company has two related party notes receivables with accrued interest and interest income.

(8) **Financial Risk Management**

The Company is exposed to various financial risks as a result of its operations as disclosed below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

(a) **Credit Risk**

Credit risk is the risk of financial loss to a company if a customer or counterparty to a financial instrument fails to meet its financial obligations. In the Company's case, credit is concentrated with notes receivable from related parties and in turn with their respective long-term investments. The Company manages credit risk on cash by depositing cash in reputable Canadian financial institutions, which may at times, exceed the Canadian Deposit Insurance Corporation ("CDIC") limit of \$100,000 (CAD) per bank. The Company has never experienced any losses related to these balances. At December 31, 2022 and 2021, the Company had approximately \$15,164,000 and \$9,423,000 in excess of CDIC limits.

**ECAPITAL BOND CORP.**

**Notes to Financial Statements - Continued**  
(Expressed in United States Dollars)

**(8) Financial Risk Management - Continued**

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal obligations are accrued expenses and other liabilities and debentures payable. To meet liquidity needs, the Company may raise additional funds or reduce if it is unable to raise such funds.

The contractual maturities of the Company's financial liabilities at December 31, 2022 and 2021, are as follows:

<b><u>December 31, 2022:</u></b>	<b><u>Carrying Amount</u></b>	<b><u>Contractual Cash Flows</u></b>	<b><u>0 to 12 Months</u></b>	<b><u>After 12 Months</u></b>
Accrued expenses and other liabilities	\$ 2,059,635	2,059,635	2,059,635	-
Debentures payable	<u>230,177,756</u>	<u>230,177,756</u>	<u>31,399,292</u>	<u>198,778,464</u>
	<b><u>\$ 232,237,391</u></b>	<b><u>232,237,391</u></b>	<b><u>33,458,927</u></b>	<b><u>198,778,464</u></b>
<b><u>December 31, 2021:</u></b>	<b><u>Carrying Amount</u></b>	<b><u>Contractual Cash Flows</u></b>	<b><u>0 to 12 Months</u></b>	<b><u>After 12 Months</u></b>
Accrued expenses and other liabilities	\$ 1,733,632	1,733,632	1,733,632	-
Debentures payable	<u>218,060,402</u>	<u>218,060,402</u>	<u>70,616,000</u>	<u>147,444,402</u>
	<b><u>\$ 219,794,034</u></b>	<b><u>219,794,034</u></b>	<b><u>72,349,632</u></b>	<b><u>147,444,402</u></b>

**(c) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, which will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

**(d) Foreign Currency Risk**

The Company is exposed to fluctuations in foreign exchange rates as at December 31, 2022 and 2021, as there were some balances stated in CAD. The Company is subject to currency risk arising from these financial instruments in the normal course of business. The Company manages exposure to foreign currency risk through a combination of normal operating and financing activities and occasionally through derivative financial instruments such as foreign currency options contracts.

**ECAPITAL BOND CORP.**

**Notes to Financial Statements - Continued**  
(Expressed in United States Dollars)

**(8) Financial Risk Management - Continued**

**(d) Foreign Currency Risk - Continued**

At December 31, 2022 and 2021, the Company had foreign currency denominated amounts as follows:

<u>(in Canadian Dollar)</u>	<u>2022</u>	<u>2021</u>
Cash	\$ 7,780,824	9,262,393
Trust receivables and other	-	197,922,805
Due from related parties	213,278,178	-
Accrued Interest receivable	6,571,329	605,098
Accounts payable	(2,157,710)	(1,812,980)
Debentures payable	<u>(268,340,000)</u>	<u>(242,887,000)</u>
	<u>\$ (42,867,379)</u>	<u>(36,909,684)</u>

A fluctuation of +/- 1% provided as an indicative range in currency movement, on financial instruments that are denominated in foreign currency other than USD, with, all other things being equal, have an effect on the results from operations and comprehensive income or loss of approximately (\$316,000) USD and (\$291,000) USD, respectively, for the years ended December 31, 2022 and 2021.

**(e) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument might be adversely affected by a change in interest rates. It is management's opinion that the Company is not exposed to any significant cash flow risk as most of its debentures payable are at fixed rates.

The fair value of debentures having fixed rates of interest could fluctuate because of changes in market interest rates. Other financial instruments are not exposed to significant interest rate risk.

**(9) Capital Maintenance**

The Company considers its capital structure to include shareholder's equity and debt (principally debentures payable totaling approximately \$230,178,000 and \$218,060,000, respectively, at December 31, 2022 and 2021). The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholder commensurate with risk.

**ECAPITAL BOND CORP.**

**Notes to Financial Statements - Continued**  
**(Expressed in United States Dollars)**

**(9) Capital Maintenance - Continued**

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may from time to time increase shareholder's capital by way of normal course issuer bids, issue new shares or reduce liquid assets to repay debt.

**(10) Income Taxes**

**(a) Income Tax Expense**

The following table reconciles income taxes calculated at Canadian federal/provincial tax rates with the income tax expense in the financial statements:

	<b>2022</b>	<b>2021</b>
Net income before income taxes	\$ 2,229,396	1,767,190
Statutory rate	26.50%	26.50%
Expected income tax expense	590,790	468,305
Increase resulting from:		
Non-deductible expenses and other	45,711	56,782
Income tax expense	\$ 636,501	525,087
Allocation of expense:		
Current	\$ 199,960	16,510
Deferred	436,541	508,577
Income tax expense	\$ 636,501	525,087

**(b) Deferred Income Taxes**

At December 31, 2022 and 2021, the Company has net deferred tax assets (liabilities), net comprised of the following:

	<b>2022</b>	<b>2021</b>
Deferred tax asset (liability):		
Debt issuance costs and other	\$ 248,746	179,630
Unrealized foreign exchange (gain)/loss	(884,504)	-
Capital loss carry forward	360,420	-
Net operating loss	18,427	-
	\$ (256,911)	179,630

**ECAPITAL BOND CORP.**

**Notes to Financial Statements - Continued**  
**(Expressed in United States Dollars)**

**(11) Commitment and Contingencies**

From time to time, the Company is involved in lawsuits and claims incidental in the ordinary course of business. Management does not believe the outcome of any litigation against the Company would have a material adverse effect on the Company's financial position or results of operations.

**(12) Subsequent Events**

The Company has evaluated subsequent events through March 30, 2023, which is the date these financial statements were available to be issued.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Consolidated Financial Statements  
(Expressed in United States Dollars)**

**December 31, 2022 and 2021  
(With Independent Auditors' Report Thereon)**





## Independent Auditors' Report

To the Board of Directors  
eCapital Group Corp. and Subsidiaries:

### **Opinion**

We have audited the consolidated financial statements of eCapital Group Corp. and Subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2022 and December 31, 2021, and the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs").

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits, which include relevant ethical requirements in the United States of America. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management and Those Charged with Governance of the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for disclosing, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Mayer Hoffman McCann P.C.**  
140 Fountain Parkway North  
Suite 410  
St. Petersburg, FL 33716

Phone: 727.572.1400  
Fax: 727.571.1933  
[mhmcpa.com](http://mhmcpa.com)





### **Auditors' Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company. We remain solely responsible for our audit opinion.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



May 9, 2023  
St. Petersburg, Florida

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Consolidated Statements of Financial Position  
(Expressed in United States Dollars)**

**December 31, 2022 and 2021**

Assets	2022	2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 81,450,657	70,571,319
Financed receivables, net	1,490,389,376	961,718,209
Trust receivables and other - current portion	-	207,367,111
Due from related parties, net	234,929,042	28,819,543
Accrued interest receivable	4,261,570	8,408,619
Other receivables	640,709	845,220
Prepaid expenses, deferred charges and other assets	<u>4,724,965</u>	<u>3,654,515</u>
Total current assets	1,816,396,319	1,281,384,536
<b>Other assets:</b>		
Trust receivables and other - non-current portion	-	1,300,000
Property and equipment, net	12,053,965	6,001,600
Right-of-use assets, net	7,240,619	6,720,431
Intangibles, net	35,950,256	25,940,763
Goodwill	127,560,647	79,420,222
Deferred tax assets, net	<u>21,080,735</u>	<u>16,464,378</u>
Total assets	<u>\$ 2,020,282,541</u>	<u>1,417,231,930</u>
<b>Liabilities and Equity</b>		
<b>Current liabilities:</b>		
Accrued expenses and other liabilities	\$ 42,128,963	25,061,992
Client reserves, net	273,393,019	218,948,980
Banking facility and loans payable, net - current portion	906,667,752	535,668,974
Debentures and promissory notes payable, net - current portion	102,385,541	142,593,408
Accrued interest payable	-	10,979,268
Lease liability - current portion	1,959,452	1,565,080
Income taxes payable	12,429,508	10,142,380
Deferred fee revenue	<u>5,132,147</u>	<u>1,078,058</u>
Total current liabilities	1,344,096,382	946,038,140
Banking facility and loans payable, net - non-current portion	212,676,710	69,500,474
Debentures and promissory notes payable, net - non-current portion	401,851,487	332,497,036
Lease liability - non-current portion	6,094,796	6,024,041
Deferred tax liability	<u>8,926,263</u>	<u>5,269,296</u>
Total liabilities	1,973,645,638	1,359,328,987
<b>Equity:</b>		
Share capital	74,887,481	73,812,936
Cumulative foreign currency translation reserve	(551,452)	584,429
Accumulated other comprehensive loss	(611,384)	(7,310)
Accumulated deficit	<u>(42,473,969)</u>	<u>(30,428,996)</u>
Stockholders' equity	31,250,776	43,961,059
Non-controlling interest	<u>15,386,127</u>	<u>13,941,884</u>
Total equity	46,636,903	57,902,943
Total liabilities and equity	<u>\$ 2,020,282,541</u>	<u>1,417,231,930</u>

See accompanying independent auditors' report and notes to consolidated financial statements.

3

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Consolidated Statements of Income and Comprehensive Income  
(Expressed in United States Dollars)**

**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Finance income:		
Interest income	\$ 60,809,230	32,434,953
Fee and other income	172,596,781	116,589,698
Total finance income	233,406,011	149,024,651
Finance costs:		
Interest expense	91,544,368	52,397,429
Amortization of debt issuance costs	3,859,238	3,477,437
Total finance costs	95,403,606	55,874,866
Net finance income	138,002,405	93,149,785
Expenses:		
Compensation and benefits	70,696,397	50,762,176
General and administrative	33,688,099	23,098,184
Management fees	1,164,360	887,536
Divisional cost share	17,825	(150,728)
Depreciation and amortization	17,801,679	9,709,708
Provisions for credit losses	6,114,303	1,690,907
	129,482,663	85,997,783
Income before other income and expenses:	8,519,742	7,152,002
Realized foreign exchange loss	(526,474)	(4,165,917)
Unrealized foreign exchange gain	7,400,426	4,527,966
	6,873,952	362,049
Net income before income taxes	15,393,694	7,514,051
Income taxes (benefit):		
Current income taxes	21,266,086	9,204,381
Deferred income tax benefit	(11,148,520)	(6,526,948)
Income tax expense	10,117,566	2,677,433
Net income	5,276,128	4,836,618
Other comprehensive income (loss):		
Foreign currency translation (loss) gain	(603,974)	296,000
Net income and comprehensive loss	4,672,154	5,132,618
Less: net income and comprehensive income attributable to non-controlling interest	3,880,636	3,006,999
Net income and comprehensive income attributable to eCapital Group Corp. and subsidiaries	\$ 791,518	2,125,619

See accompanying independent auditors' report and notes to consolidated financial statements.

4

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
(Expressed in United States Dollars)

Years Ended December 31, 2022 and 2021

	Share Capital		Cumulative Foreign Currency Translation Reserve	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-controlling Interest	Total
	Shares	Capital					
Balance, December 31, 2020	91,153	\$ 71,054,880	584,429	(303,310)	(24,845,488)	10,934,885	57,425,396
Issuance of preferred shares, net	4,658	3,350,130	-	-	-	-	3,350,130
Redemption of preferred shares, net	(590)	(592,074)	-	-	-	-	(592,074)
Dividends	-	-	-	-	(7,413,127)	-	(7,413,127)
Net income and comprehensive income	-	-	-	296,000	1,829,619	3,006,999	5,132,618
Balance, December 31, 2021	95,221	73,812,936	584,429	(7,310)	(30,428,996)	13,941,884	57,902,943
Issuance of common shares, net	20,705	15,089,645	-	-	-	-	15,089,645
Redemption of preferred shares, net	(20,150)	(14,015,100)	-	-	(1,043,360)	-	(15,058,460)
Repurchase and adjustment of non-controlling interest	-	-	1,367,276	-	(3,004,215)	(2,436,393)	(4,073,332)
Dividends	-	-	-	-	(9,392,890)	-	(9,392,890)
Net income and comprehensive (loss) income	-	-	(2,503,157)	(603,974)	1,395,492	3,880,636	2,168,997
Balance, December 31, 2022	95,776	\$ 74,887,481	(551,452)	(611,284)	(42,473,969)	15,386,127	46,636,903

See accompanying independent auditors' report and notes to consolidated financial statements.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows  
(Expressed in United States Dollars)**

**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash provided by operations:		
Net income	\$ 5,276,128	4,836,618
Items not affecting cash:		
Debt issuance expense	91,079,356	59,389,898
Debt interest paid	(87,941,200)	(41,294,866)
Deferred income taxes	(5,144,390)	(11,642,346)
Amortization of debt issuance costs	3,859,238	3,394,320
Depreciation and amortization	17,801,679	9,709,657
Provision for credit losses	6,114,303	1,690,907
Gain (loss) on foreign currency exchange	16,829,730	(3,697,860)
	<u>47,874,844</u>	<u>22,386,328</u>
Net changes in working capital:		
Financed receivables, net	(236,842,470)	(350,611,928)
Trust receivables and other	-	(23,501,379)
Interest receivable	-	(6,226,092)
Income taxes refundable	-	(206)
Prepaid expenses, deferred charges and other assets	2,190,061	1,395,063
Accrued expenses and other liabilities	386,663	(8,143,910)
Client reserves	51,385,039	65,283,304
Due from related parties, net	6,704,661	(2,250,256)
Income taxes payable	2,287,128	9,273,967
Deferred fee revenue	4,054,089	315,743
	<u>(121,959,985)</u>	<u>(292,079,366)</u>
Investing:		
Purchase of property and equipment	(5,945,007)	(3,594,691)
Asset acquisitions	(8,039,067)	(18,259,819)
Acquisition of business, net of cash acquired	<u>(140,700,000)</u>	<u>-</u>
	<u>(154,684,074)</u>	<u>(21,854,510)</u>
Financing:		
Proceeds from issuance of debentures and promissory notes, net	8,682,874	165,029,351
Debt issuance costs paid	(7,221,716)	(5,394,067)
Net increase in banking facility	300,984,341	183,871,753
Repayment of lease	(1,623,949)	(1,722,861)
Class A common share issuances	15,524,713	-
Common share issuance costs	(435,068)	-
Preferred shares capital (redemptions) issuances, net	(15,058,460)	2,758,056
Repurchase of non-controlling interest	(4,073,332)	-
Dividends paid	<u>(9,256,006)</u>	<u>(7,413,127)</u>
	<u>287,523,397</u>	<u>337,129,105</u>
Net change in cash	10,879,338	23,195,229
Cash, beginning of year	<u>70,571,319</u>	<u>47,376,090</u>
Cash, end of year	\$ <u>81,450,657</u>	<u>70,571,319</u>

See accompanying independent auditors' report and notes to consolidated financial statements.

6

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements  
(Expressed in United States Dollars)**

**December 31, 2022 and 2021**

**(1) Nature of Operations**

**(a) Description of Business**

eCapital Group Corp. (the Company or “GMHC”) was incorporated under the Business Corporations Act (Ontario) on June 1, 2018. GMHC operates as a holding company and through its subsidiaries, offers alternative financial solutions primarily catered towards middle-market companies located in the United States, Canada and the United Kingdom through short-term financing and asset-based lending (“ABL”). GMHC offers directly, or through its subsidiaries, an all-inclusive financing solution to its clients allowing them to leverage all asset classes to maximize working capital. GMHC’s fiscal year-end is December 31.

The consolidated financial statements as at and for the years ended December 31, 2022 and 2021, comprise the accounts of eCapital Group Corp. and its subsidiaries (collectively, the “Company”).

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). They have been prepared under the assumption that the Company operates on a going concern.

The consolidated financial statements for the years ended December 31, 2022 and 2021, were approved and authorized for issuance by the Board of Directors on May 9, 2023, and May 26, 2022, respectively.

**(b) Basis of Consolidation**

The consolidated financial statements include the accounts of eCapital Group Corp. and its wholly-owned subsidiaries:

- eCapital Bond Corp. (“Bond”)

## ECAPITAL GROUP CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements - Continued (Expressed in United States Dollars)

#### (2) Significant Accounting Policies - Continued

##### (b) Basis of Consolidation - Continued

- eCapital Corp. (“GMBS”) and its wholly-owned subsidiaries:
  - eCapital Finance Corp (“EFC”) and wholly-owned subsidiaries eCapital Factoring Corp., eCapital Staff Factoring Corp., eCapital Commercial Finance Holdings Corp. (“Commercial Finance”), eCapital Commercial Finance Staff Corp., eCapital Freight Factoring East Corp.
  - EFC’s wholly-owned subsidiary eCapital Factoring (Holding) Corp. (“PHIG”), and its subsidiaries eCapital Commercial Financing Corp. (“PFG”), eCapital Commercial Finance Corp., eCapital Commercial Finance (Canada) Corp., eCapital Healthcare Servicing Corp. (“EHSC”), eCapital Healthcare Holdings Corp. (“HHC”), eCapital Healthcare Corp., eCapital RE Corp.
  - EFC’s wholly-owned subsidiary GFH Corp. and its subsidiaries eCapital Asset Based Lending Corp. (“Gerber”), GTF Equity Corp.
  - Global Merchant Finance, Inc. (“GMF”), and its four wholly-owned subsidiaries GMF-HCA-1, LLC (“HCA-1”), GMF-HCA-2, LLC (“HCA-2”), GMF-HCA-3, LLC (“HCA-3”), and GMF Solutions LLC (“GMFS”)
  - EFC’s wholly-owned subsidiary eCapital Freight Factoring (Holdings), Corp. and its wholly-owned and majority owned subsidiaries eCapital Freight Factoring Inc. (“EFFI”) eCapital Equipment Leasing, Inc., eCapital Freight Factoring Corp., Capital Partners Services Corp., Accutrac Capital Inc. (“ACI”), eCapital Freight Factoring LTD., eCapital Freight Factoring ITC Inc., and eCapital Innovations, Inc. (together considered “Freight Factoring”)
  - EFC’s wholly-owned subsidiary eCapital Commercial Finance Holdings UK Limited and its majority owned subsidiaries Hamsard 3414 Limited (“Advantedge”), Hamsard 3415 Limited, Advantedge Commercial Finance (North) Limited (UK), Advantedge Commercial Finance Limited (UK) and Factor 21 Limited (UK)

All significant inter-company transactions and balances are eliminated upon consolidation.

##### (c) Functional Currency

The functional currency of GMHC and its subsidiaries eCapital Corp. and eCapital Bond Corp. along with eCapital Factoring (Holding) Corp, Global Merchant Finance, Inc., GFH Corp, eCapital Freight Factoring Corp., eCapital Staff Factoring Corp. and eCapital Finance Corp is the US dollar (USD).

The functional currency of certain eCapital Freight Factoring (Holding) Corp.’s subsidiaries is the Canadian dollar (CAD). At December 31, 2022 and 2021, all balance sheet account balances were translated to USD using the spot rate of \$1 CAD to \$0.7383 and \$0.7888 USD, respectively.



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(c) **Functional Currency - Continued**

The functional currency of eCapital Commercial Finance Holdings UK Limited and its subsidiaries is the British pounds (GBP). At December 31, 2022 and 2021, all balance sheet account balances were translated to USD using the spot rate of \$1 GBP to \$1.209 and \$1.353 USD, respectively.

(d) **Business Combinations**

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. The excess of the purchase consideration over the fair value of identifiable net assets acquired is goodwill.

For entities that are consolidated, but not 100% owned, a portion of the income or and corresponding equity is allocated to owners other than the Company. The aggregate of the income and corresponding equity that is not owned by the Company or its subsidiaries included in non-controlling interests in the accompanying consolidated financial statements.

(e) **Use of Estimates and Key Judgements**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The key sources of estimation uncertainty and judgment that have a significant risk that may cause a material adjustment to the accounts recognized in the consolidated financial statements are:

*Income Taxes*

Significant judgment is required in determining the provision for income taxes, including the probability of recovery of deferred tax assets. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

*Fair Value of Financial Instruments*

The estimated fair values of financial liabilities, by their nature, are subject to measurement uncertainty.



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(e) Use of Estimates and Key Judgements - Continued

*Allowance for Expected Credit Losses*

IFRS 9 - *Financial Instruments*, requires an expected credit loss ("ECL") impairment model applicable to all debt instruments within financial assets classified as amortized cost or at fair value through other comprehensive income ("FVTOCI"), as well as certain off-balance sheet loan commitments. The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated allowance is designed to be an unbiased and probability-weighted amount that has been determined by evaluating possible outcomes; the time value of money; reasonable and supportable information about past events; and current and forecasted economic conditions.

The IFRS 9 ECL approach has three stages:

*Stage 1* - Includes financial instruments that have not had a significant increase in credit risk since initial recognition, or that have low credit risk at the reporting date. An ECL equal to expected credit losses resulting from default events over the next 12 months is recognized and interest revenue is calculated on the assets' gross carrying amounts;

*Stage 2* - Includes financial instruments that have had significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment at the reporting date. An ECL equal to expected credit losses resulting from default events over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts. In general, an asset's lifetime is considered to be its remaining contractual lifetime;

*Stage 3* - Includes financial instruments that have objective evidence of impairment at the reporting date. The lifetime ECL is recognized, and interest revenue is calculated on the assets' net carrying amounts, which are determined as the asset amount net of their lifetime ECL.

*Functional Currency*

Management applies judgment in assessing the functional currency of each entity consolidated in these consolidated financial statements.

*Provisions and Contingencies*

Management judgement is required to assess whether provisions and contingencies should be recognized or disclosed and at what amount. Management bases its decisions on past experiences and other factors it considers to be relevant on a case-by-case basis.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(e) Use of Estimates and Key Judgements - Continued

*Compound Financial Instruments*

Management is required to apply judgment in determining the classification of the components of compound financial instruments between liability, embedded derivative liabilities, and equity components. Factors considered in making these judgments include but are not limited to the terms and conditions of conversion features or incentive equity instruments granted in conjunction with the financial instrument.

Convertible debentures may contain both a liability component and an embedded derivative conversion liability component (represented by the conversion feature). Convertible debentures are separated into their liability and derivative liability components, when not closely related to the economic characteristics and risks of the host liability, on the consolidated statement of financial position. The derivative conversion liability component is initially measured at the fair value of the conversion feature. The value of the host liability component is accounted for at the time of issue as the residual amount after deducting the value of the derivative conversion liability component from the face value of the instrument. The fair value of the host liability component is accreted to the original face value of the debt over the respective terms of the debt instrument and charged to operations as interest and accretion expense based on the effective interest method.

*Valuation of Compound Financial Instruments*

When a financial instrument contains an embedded derivative conversion liability component (represented by a conversion feature), in order to determine the appropriate allocation between the liability component and derivative liability component of the financial instrument, Management must determine the fair value of a conversion feature, which requires the use of highly subjective assumptions.

*Principal or Agent*

Management is required to apply judgment in determining if the Company is acting as a principal or agent with respect to revenue arrangements.

*Offsetting Financial Assets and Liabilities*

Management is required to apply judgment in determining whether the Company can offset financial assets and liabilities based on the terms of agreements relating to the financial assets and liabilities.

*Fair Value of Assets Acquired and Liabilities Assumed*

At acquisition, provisional fair values under the acquisition method are based on management's best estimate using established methodologies of the fair value of the assets acquired and liabilities assumed. Provisional values are reassessed under the applicable measurement period and adjusted retrospectively, as applicable.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(e) **Use of Estimates and Key Judgements - Continued**

*Impairment of Non-Financial Assets*

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) **Cash and Cash Equivalents**

Cash and cash equivalents include cash, money market accounts and all liquid debt instruments purchased with a maturity of three months or less.

(g) **Concentration of Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consists primarily of finance receivables, investments through trust, and temporary cash investments. The Company places its temporary cash investments with high credit quality financial institutions.

(h) **Revenue Recognition**

*Interest Income*

The Company earns interest income as determined by each client's credit agreement or the trust agreement with eCapital Trust Corp. (the "Trust"). Interest income is accrued on the unpaid principal balance of the asset or trade financed receivables.

*Fees and Other Income*

Revenue is generated by factoring commissions, under IFRS 9, *Financial Instruments*, and is calculated as a discount percentage of customer invoices purchased and measured at the fair value of the consideration received. Revenue relating to factoring fees are accrued monthly based on a percentage of the accounts receivable that have been purchased for its clients. Certain other income and fees, including administration fees and fuel sales, are recognized under IFRS 15, *Revenue from Contracts with Customers*.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(i) **Transaction Costs**

Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs include fees and commission paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Transaction costs should be included in the initial measurement of financial assets and financial liabilities other than those at fair value through profit or loss. For financial assets not measured at fair value through profit or loss, transaction costs are added to the fair value at initial recognition. For financial liabilities, transaction costs are deducted from the fair value at initial recognition.

For financial instruments that are measured at amortized cost, transaction costs are subsequently included in the calculation of amortized cost using the effective interest method, and in effect, amortized through profit or loss over the life of the instrument. The Company amortized its debt issuance costs to interest expense over the life of the related debentures.

For financial instruments that are measured at fair value through other comprehensive income, transaction costs are recognized in other comprehensive income as part of a change in fair value at the next measurement period.

For financial instruments that are measured at fair value through profit and loss, transaction costs are recognized immediately as an expense.

(j) **Income Taxes**

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred tax is calculated using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(j) **Income Taxes - Continued**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties in general and administrative expenses. At December 31, 2022 and 2021, there were no known uncertainties in income taxes.

(k) **Financed Receivables, Net**

Financed receivables, net consist of asset-based lending, short-term trade financing and factoring from which the Company derives interest and fee and other income in the ordinary course of business. Financed receivables, net are shown net of related allowance for expected credit losses. Financed receivables, net including financed receivables included in investments through trust, are reported at their principal amount outstanding including accrued interest, less unearned income and the allowance for credit losses. Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The allowance for credit losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the receivables in light of historical experience, changes in the composition and risk characteristics of the trade financed receivable, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for possible credit losses is increased by provisions charged to earnings and reduced by charge-offs, net of recoveries.

(l) **Credit Quality**

The Company has policies in place to maintain the credit quality of its trade financed receivables, which include limiting the amounts the Company will lend to any single borrower, groups of related borrowers or borrowers in portfolio segments as well as credit insurance. The Company relies on an internal rating system to monitor, evaluate and manage the principal risks associated with its trade financed receivables.



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(m) **Property and Equipment**

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method or double declining method over the estimated useful lives of the related assets or the remaining terms of the leases, whichever is shorter. Upon sale or retirement, the cost and related accumulated depreciation and amortization are eliminated from the respective accounts and any gain or loss is credited or charged to income. Assets in process are stated at cost; no useful life is assigned to the assets in process until they are completed and put into use. Maintenance and repairs are charged to expense when incurred; expenditures for renewals and betterments are capitalized.

(n) **Intangible Assets, Net and Goodwill**

Customer lists, trade-names, non-compete agreements, intellectual property, and right-of-use asset acquired in business combinations are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Estimated useful lives ranges from 3.5 to 5 years for customer lists, 2 to 3 years for trade names, 3 to 8 years for non-compete agreements, 2 years for intellectual property, 5 to 11 years for right-of-use asset and are based on the economic benefit expected to be realized. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Goodwill represents the purchase price in excess of the fair value of the net assets acquired and liabilities assumed in a business combination is measured as described in Note 2(e). Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

***Impairment Test for Goodwill***

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units ("CGU") that are expected to benefit from the business combination in which the goodwill arose.

Goodwill is monitored by management at the subsidiary level (see Note 2(b)) and has allocated the goodwill to each applicable CGU for impairment analysis.

For the years ended December 31, 2022 and 2021, the recoverable amount of the CGUs was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(n) Intangible Assets, Net and Goodwill - Continued

*Impairment Test for Goodwill - Continued*

For the year ended December 31, 2022, the following table sets out the key assumptions utilized within the analysis of goodwill by CGU:

	<u>Commercial Finance</u>	<u>Advantedge</u>	<u>Freight Factoring</u>	<u>Gerber</u>	<u>BHC</u>
Sales volume (% annual growth rate)	7 - 45%	12 - 23%	9 - 24%	13 - 35%	9 - 98%
Earnings before taxes (%)	26 - 40%	23 - 28%	12 - 28%	17 - 33%	29 - 45%
Incremental working capital (%)	0 - 11%	0 - 8%	8 - 15%	0 - 2%	0 - 12%
Pre-tax discount rate (%)	9.13%	9.27%	8.78%	9.05%	9.05%

For the year ended December 31, 2021, the following table sets out the key assumptions utilized within the analysis of goodwill by CGU:

	<u>Commercial Finance</u>	<u>Advantedge</u>	<u>Freight Factoring</u>	<u>Gerber</u>
Sales volume (% annual growth rate)	6 - 120%	2 - 20%	3 - 48%	5 - 26%
Earnings before taxes (%)	12 - 26%	15 - 23%	18 - 27%	20 - 27%
Incremental working capital (%)	10 - 12%	10 - 12%	10 - 14%	2 - 3%
Pre-tax discount rate (%)	10.93%	10.93%	10.93%	10.93%

For the years ended December 31, 2022 and 2021, management has determined the values assigned to each of the above key assumptions as follows:

<u>Assumption</u>	<u>Approach Used to Determine Values</u>
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Earnings before taxes	Based on past performance and management's expectations for the future.
Incremental working capital	Management's expectations of incremental costs to support the anticipated revenue growth of the CGU. Value included above is a percentage of revenue growth over the five-year forecast period.
Pre-tax discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.

Based on analysis performed, incorporating the above assumptions, no impairment of goodwill was recorded for the years ended December 31, 2022 and 2021.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(o) **Client Reserves, Net**

Client reserves, net consist of timing differences due to payments received from debtors that have not been applied to the corresponding invoice, cash reserves that are due to customers' net of management fees, and accrued reserves which represent a percentage of the factored receivable that is held as collateral. Client reserves include contra balances for over advances which are receivables from clients.

(p) **Marketing and Advertising Costs**

The Company expenses marketing and advertising costs as they are incurred. Marketing and advertising expense for the years ended December 31, 2022 and 2021, totaled approximately \$850,000 and \$1,192,000, respectively.

(q) **Financial Instruments**

The Company recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Under IFRS 9, such financial assets or financial liabilities are initially recognized at fair value and the subsequent measurement depends on their classification.

***Financial Assets***

The Company classifies its financial assets into three categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

*Amortized Cost* - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

*Fair Value Through Other Comprehensive Income (FVTOCI)* - Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in other comprehensive income ("OCI") are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(q) Financial Instruments - Continued

*Financial Assets - Continued*

*Fair Value Through Profit and Loss (FVTPL)* - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

*Financial Liabilities*

Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

*FVTPL* - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception.

IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

*Amortized Cost* - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(2) Significant Accounting Policies - Continued**

**(r) Fair Value Hierarchy**

IFRS 7 - *Financial Instruments: Disclosures*, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of the financial assets and liabilities at December 31, 2022 and 2021, is as follows:

<u>Financial Instrument</u>	<u>Classification Under IFRS 9</u>
Cash	Amortized cost
Financed receivables, net	Amortized cost
Trust receivables and other	Amortized cost
Interest receivable	Amortized cost
Accrued expenses and other liabilities	Amortized cost
Client reserves	Amortized cost
Banking facility and loans payable	Amortized cost
Debentures and promissory notes payable, net	Amortized cost

The Company's financial assets and liabilities above approximate fair value primarily due to their market rates of interest.

**(s) Derivative Financial Instruments**

Derivative financial instruments are financial instruments or other contracts with three characteristics: (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(s) **Derivative Financial Instruments - Continued**

Derivative financial instruments are recognized on the consolidated statements of financial position at fair value with changes in fair value recognized in income (loss).

For the years ended December 31, 2022 and 2021, the Company's derivative financial instruments include forward exchange contracts.

(t) **Share Capital**

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preferred shares are classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in income (loss) as accrued.

(u) **Foreign Currency Transactions**

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities denominated in currencies other than the USD were translated into USD at the exchange rates prevailing at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency were translated using the exchange rates on the date of transactions.

Non-monetary items that are measured at fair value in a foreign currency were translated using the exchange rate at the date when the fair value was measured. Revenue and expenses were translated into USD at the average exchange rates prevailing during the period. All resulting exchange differences are recognized in income (loss).

Financial statements of the subsidiaries for which the functional currency is not the USD were translated into USD, the presentation currency, as follows: all asset and liability accounts were translated at the year-end exchange rate and all earnings and expense accounts, and cash flow statement items were translated at prevailing exchange rates at the transaction rate when settled. All resulting exchange differences arising from the translation are included as a separate component in accumulated comprehensive income (loss).

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) Significant Accounting Policies - Continued

(v) Leases

The Company leases various offices, equipment, and vehicles. Rental contracts are typically made for fixed periods.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The Company records its leases utilizing IFRS 16 – *Leases* (“IFRS 16”). Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as at January 1, 2019, or the date of inception or amendment of the lease.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate **cannot be readily determined, which is generally the case for leases in the group, the lessee’s** incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(2) **Significant Accounting Policies - Continued**

(v) **Leases – Continued**

During 2022 and 2021, the Company recorded right-of-use assets and related lease liabilities under IFRS 16 at acquisition date, commencement, or amendment for the below:

- Approximately \$1,100,000 in February 2021 at the inception of a new office space lease for eCapital Commercial Finance Corp.;
- Approximately \$2,000,000 in February 2021 and \$542,000 in January 2022 with the amendment of an existing office lease for EFFI;
- Approximately \$916,000 in September 2022 at the inception of a new office space lease for EFFI;
- Approximately \$187,000 in September 2022 with the amendment of an existing office lease for an eCapital Commercial Finance Corp. entity.

(w) **Reclassification**

Certain reclassifications have been made to the prior year's consolidated financial statement presentation to correspond to the current year's format. These reclassifications have no effect on the prior year's reported consolidated income or consolidated equity.

(3) **Future Accounting Pronouncements**

A number of new accounting standards and amendments to standards and interpretations are effective in future years, and consequently, have not been applied in preparing these consolidated financial statements. These include:

***IAS 1 - Amendments on Classifications and Disclosure of Accounting Policies***

On January 23, 2020, the International Accounting Standards Board ("IASB") issued *Classification of Liabilities as current or Non-current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods after January 1, 2022, however their effective date has been delayed to January 1, 2023.

On February 12, 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Amendments are effective for annual periods beginning on or after January 1, 2023.

On October 31, 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after January 1, 2024.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(3) **Future Accounting Pronouncements - Continued**

***IAS 12 - Amendments on Deferred Taxes***

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023.

***IAS 8 - Amendments on Accounting Policies, Changes in Accounting Estimates and Errors***

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023.

***IFRS 16 - Amendments on Lease Liability in a Sale and leaseback***

On September 22, 2022, the IASB issued *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after January 1, 2024.

(4) **Business Combinations**

(a) **Acquisition of CNH Finance, L.P. and CNHF Services LLC**

On May 2, 2022, eCapital Factoring (Holding) Corp. entered into a share purchase agreement to purchase 100% of the issued and outstanding shares of CNH Finance, L.P., and CNHF Services LLC, for a total consideration of approximately \$103,103,000. The acquisition has been accounted for as a business combination with PIIG consolidating 100% of the results of the operations of CNH Finance, L.P. and CNHF Services LLC from the date of acquisition.

The assets and liabilities of CNH Finance, L.P. and CNHF Services LLC are included in the consolidated financial statements.



**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(4) Business Combinations - Continued**

**(a) Acquisition of CNH Finance, L.P. and CNHF Services LLC - Continued**

The estimated fair values of the acquired assets and liabilities assumed at May 2, 2022 were as follows:

<b>Purchase consideration:</b>	
Cash paid	\$ 93,334,000
Contingent consideration	<u>9,796,000</u>
<b>Total consideration</b>	<b>103,130,000</b>
Cash and cash equivalents	11,315,000
Financed receivables, net	296,160,000
Accrued interest receivable	1,783,000
Prepaid expenses, deferred charges and other assets	3,056,000
Property and equipment	352,000
Intangible assets	16,097,300
Goodwill	<u>50,001,700</u>
<b>Total assets acquired</b>	<b>378,765,000</b>
Bank indebtedness	(200,621,000)
Participation loan	(16,459,000)
Escrow liabilities	(3,059,000)
Accrued expenses and other liabilities	(2,426,000)
Deferred tax liability	<u>(4,185,000)</u>
<b>Total liabilities assumed</b>	<b>(226,750,000)</b>
Preference units	<u>(48,885,000)</u>
<b>Total cash consideration</b>	<b>\$ <u>103,130,000</u></b>

As a result of the acquisition, the Company incurred approximately \$86,000 of transaction costs related to legal, accounting, and consulting services.

Post- acquisition, all preference units were redeemed via a note payable with PHG. The note payable and receivable eliminate in consolidation.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(5) Financed Receivables, Net**

Financed receivables, net, at December 31, 2022 and 2021, consists of:

	<b>2022</b>	<b>2021</b>
Asset based financed receivable	\$ 601,177,618	124,637,704
Trade financed receivables	25,239,321	16,507,354
Factored receivables	870,240,834	824,514,908
	1,496,657,773	965,659,966
Plus: advances and accrued discounts	4,768,880	4,499,144
Less:		
Allowance for credit losses	(10,722,710)	(8,328,192)
Unearned income	(314,567)	(112,709)
Financed receivables, net	\$ 1,490,389,376	961,718,209

**(6) Loan Modifications**

Gerber seeks to assist a customer that is experiencing financial difficulty by renegotiating loans within lending regulations and guidelines. Gerber makes loan modifications primarily utilizing internal renegotiation programs via direct customer contact, that manage customer's debt exposures held only by Gerber. During 2018, concessions were granted to a certain borrower which included extending the payment due dates and reducing the customer's debt face or maturity value. The outstanding recorded investment was \$8,589,463 prior to modification and \$3,600,000 after modification. During 2022 and 2021, further concessions were granted by extending the payment due dates.

Once modified in a troubled debt restructuring, a loan is generally considered impaired until its contractual maturity. At the time of the restructuring, the loan is evaluated for an asset-specific allowance for credit losses. The Company and Gerber continue to specifically re-evaluate the loan in subsequent periods, regardless of the borrower's performance under the modified terms. If a borrower subsequently defaults on the loan after it is restructured, the Company provides an allowance for credit losses for the amount of the loan that exceeds the value of the related collateral. As of December 31, 2022 and 2021, the Company believes that any potential impairment of these loans is covered under the allowance for credits losses.



**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(7) Trust Receivables and Other**

The trust receivables and other at December 31, 2021 consists of a portfolio of investments directly related to trade financed receivables, asset-based financed receivables, and factoring receivables held by the Custodian/Trust (collectively, the “Trust Financed Receivables”). The Trust, a related party under common ownership, acts as the Custodian for all assets assigned to the benefit of the Company. The Company entered into a “Collateral Management” agreement with GMFC (the “Collateral Manager”), a company under common control. Under the terms of this agreement, the Company transferred to the Collateral Manager the right to earn income generated by the **Company’s investment portfolio, which is recorded as trust receivables and other within the accompanying consolidated statements of financial position.** Effective April 14, 2022, the Trust is no longer a bare trust, and all trust receivables were settled.

The trust receivables and other a December 31, 2021 consist of:

Trust financed receivables	\$	18,450,472
Trust cash		10,698,358
Trust related party receivables		177,638,721
Other related party		<u>579,560</u>
<b>Total trust receivables and other - current portion</b>		<b>207,367,111</b>
 Note receivable due from related party		 <u>1,300,000</u>
<b>Total trust receivables and other - non-current</b>		<b><u>1,300,000</u></b>
<b>Total trust receivables and other</b>	<b>\$</b>	<b><u>208,667,111</u></b>

At December 31, 2021, approximately 97% of the Trust Financed Receivables is comprised of 3 clients. Certain of the Trust Financed Receivables are protected by a third-party credit insurance or backed by assets acceptable to the Company. As the individual loans and factored assets comprising the eligible investments turnover, the Company seeks to re-invest the net proceeds in additional investments.

**(8) Derivative Financial Instruments**

The Company must recognize derivative financial instruments as either assets or liabilities at fair value in the consolidated statement of financial position. There were no significant collateral deposits on derivative financial instruments at December 31, 2022 and 2021.

The Company, through its subsidiary, Gerber, enters into forward exchange contracts on behalf of clients in order to secure favorable exchange rates for future purchases made through Gerber by its clients. Any income (loss) incurred on these contracts is billed to the clients as provided for in the loan and credit agreement and is not recorded on the consolidated statement of income (loss) and comprehensive income (loss). At December 31, 2021, Gerber had open forward exchange contracts for ZAR 92,204,000 (South African Rand) (approximately \$6,095,000) with maturity dates ranging from February 2, 2022 through May 31, 2022. At December 31, 2022, Gerber has open forward exchange contracts for ZAR 100,714,000 (South African Rand) (approximately \$5,926,000) with maturity dates ranging from January 3, 2023 through June 21, 2023.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(9) Property and Equipment**

Property and equipment, net at December 31, 2022 and 2021 for the Company consists of:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Life</u>
Computer equipment and software	\$ 13,947,450	5,865,474	3 - 10 years
Office equipment and furniture	2,523,036	2,503,447	3 - 10 years
Leasehold improvements	1,746,506	1,582,496	5 - 10 years
Vehicles	68,963	73,680	7 years
	<u>18,285,955</u>	<u>10,025,097</u>	
Less: accumulated depreciation/amortization	<u>(6,231,990)</u>	<u>(4,023,497)</u>	
	<u>\$ 12,053,965</u>	<u>6,001,600</u>	

Depreciation and amortization of property and equipment was approximately \$1,929,000 and \$2,086,000, respectively, for the years ended December 31, 2022 and 2021.

**(10) Right-of-Use Assets, Net**

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Right-of-use asset, net consists of the following at December 31, 2022:

	<u>Beginning Cost</u>	<u>Additions</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Office building	\$ 9,540,445	1,654,751	(3,969,016)	7,226,180
Furniture	101,748	-	(87,309)	14,439
Equipment	172,895	-	(172,895)	-
Total	<u>\$ 9,815,088</u>	<u>1,654,751</u>	<u>(4,229,220)</u>	<u>7,240,619</u>

For the year ended December 31, 2022 amortization on the right-of-use assets was approximately \$1,569,000.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(10) Right-of-Use Assets, Net - Continued**

Right-of-use asset, net consists of the following at December 31, 2021:

	<u>Beginning Cost</u>	<u>Additions</u>	<u>Amortization</u>	<u>Net Carrying Amount</u>
Office building	\$ 7,794,295	1,746,150	(2,856,458)	6,683,987
Furniture	101,748	-	(77,553)	24,195
Equipment	172,895	-	(160,646)	12,249
Total	<u>\$ 8,068,938</u>	<u>1,746,150</u>	<u>(3,094,657)</u>	<u>6,720,431</u>

For the year ended December 31, 2021 amortization on the right-of-use assets was approximately \$1,552,000.

**(11) Intangible Assets, Net**

Intangible assets, net at December 31, 2022 consists of:

	<u>Prior Year Cost</u>	<u>Additions</u>	<u>Accumulated Amortization</u>	<u>Intangible Assets, Net</u>
Customer list	\$ 38,830,387	22,499,173	(27,427,375)	33,902,185
Intellectual property	1,134,800	-	(1,134,800)	-
Non-compete	2,178,400	1,658,300	(1,788,629)	2,048,071
Trade-name	1,365,100	-	(1,365,100)	-
Total	<u>\$ 43,508,687</u>	<u>24,157,473</u>	<u>(31,715,904)</u>	<u>35,950,256</u>

Intangible assets, net at December 31, 2021 consists of:

	<u>Prior Year Cost</u>	<u>Additions</u>	<u>Accumulated Amortization</u>	<u>Intangible Assets, Net</u>
Customer list	\$ 20,223,251	18,607,136	(13,686,440)	25,143,947
Intellectual property	1,134,800	-	(1,134,800)	-
Non-compete	2,178,400	-	(1,381,584)	796,816
Trade-name	1,365,100	-	(1,365,100)	-
Total	<u>\$ 24,901,551</u>	<u>18,607,136</u>	<u>(17,567,924)</u>	<u>25,940,763</u>

Amortization of intangibles was approximately \$14,318,000 and \$5,983,000 for the years ended December 31, 2022 and 2021, respectively.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued**  
(Expressed in United States Dollars)

**(11) Intangible Assets, Net - Continued**

Future amortization expense is expected to be as follows:

**Years Ending December 31,**

2023	\$	13,755,002
2024		12,064,282
2025		9,106,337
2026		285,197
Thereafter		<u>739,438</u>
	\$	<u><u>35,950,256</u></u>

**(12) Banking Facility and Loans Payable**

Banking facility and loans payable at December 31, 2022 and 2021, consists of:

	<u>2022</u>	<u>2021</u>
Banking facility - current portion	\$ 889,422,579	529,001,514
Loans payable - current portion	<u>17,245,173</u>	<u>6,667,460</u>
	906,667,752	535,668,974
Banking facility - non-current portion	212,676,710	69,500,474
Loans payable - non-current portion	<u>-</u>	<u>-</u>
	<u>212,676,710</u>	<u>69,500,474</u>
<b>Total banking facility and loans payable</b>	<b>\$ <u>1,119,344,462</u></b>	<b><u>605,169,448</u></b>

**(a) Banking Facility**

Gerber maintained a banking facility with a financial institution for working capital loans, banker's acceptances, opening of letters of credit, execution of foreign exchange transactions and for other purposes. Letters of credit are opened on behalf of clients to purchase merchandise for resale. Gerber Borrowings under the facility are based on a borrowing base formula, as defined within the agreement. Borrowings under the banking facility bear interest at various rates, as defined. At December 31, 2021, interest rates on outstanding borrowings ranged from 2.25% to 2.70%. The weighted-average interest rate on outstanding borrowings at December 31, 2021 was 2.34%. At December 31, 2021, the total credit line was \$130,000,000, total direct borrowing under the bank facility was approximately \$63,286,000, and availability on the banking facility was \$15,000,000. For the year ended December 31, 2021, interest expense on this facility was approximately \$1,504,000. The banking facility was paid in full and closed during 2022.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(12) Banking Facility and Loans Payable - Continued

(a) Banking Facility - Continued

During 2013, HHC entered into a revolving line of credit ("RLOC") with a financial institution, which has been amended over time. During November 2022, the agreement was amended to joinder in the Gerber loan portfolio as eligible borrower under the facility. The amended RLOC provides for up to a \$460,000,000 revolving line of credit with a maturity date of July 26, 2025. The RLOC bears an interest rate equal to 2.075% above SOFR on the drawn portion of the line. In addition, HHC pays a fee of 0.15% per annum if the facility utilization is over 65% of maximum revolver amount and 0.25% if the facility utilization is under 65% of maximum revolver amount on any unused portion of the revolving line of credit as well as administrative and agent fees. As of December 31, 2022, HCC was in compliance with their various banking covenants set forth in the RLOC. The outstanding balance of the RLOC at December 31, 2022 was \$338,550,101.

EFFI maintains a banking facility with a financial institution. EFFI is allowed to borrow up to the borrowing base, which is calculated based upon the current volume of receivables being factored. The line is secured against EFFI's **financed receivables**. In February 2021, the EFFI line of credit was amended under the Third Amended & Restated Loan and Security Agreement ("3<sup>rd</sup> A&R Agreement"). Under terms of the 3<sup>rd</sup> A&R Agreement, EFFI, eCapital Commercial Finance Corp., and eCapital Commercial Finance (Canada) Corp. were added as borrowers, the facility was extended through February 10, 2024, applicable interest rate margins were updated, and the maximum borrowings under the line were increased to \$375,000,000 for USD and \$80,000,000 CAD. In April 2022, the EFFI line of credit was amended under the Fourth Amended & Restated Loan and Security Agreement ("4<sup>th</sup> A&R Agreement"). Under terms of the 4<sup>th</sup> A&R Agreement, the facility was extended through April 4, 2025, applicable interest rate margins were updated, and the maximum borrowings under the line were increased to \$605,000,000 for USD and \$100,000,000 CAD. As of December 31, 2022, EFFI was in compliance with their various banking covenants set forth in the banking facility. The outstanding balance of the line of credit at December 31, 2022 and 2021, was \$410,772,840 and \$326,822,544, respectively.

EFFI is allowed to borrow up to the borrowing base, which is calculated based upon the current volume of receivables being factored. The line is secured against EFFI's **financed receivables**.

Advantedge maintains a revolving line of credit of 120,000,000 GBP with a financial institution with an interest rate at UK Base Rate + fixed spread of 1.9%. The facility provides an advance rate equal to lesser of (a) 90% of funds employed (net of overpayment and collect out amounts) and (b) 65% of eligible receivables. As of December 31, 2022, Advantedge was in compliance with their various banking covenants set forth in the revolving line of credit agreement. The outstanding balance of the line of credit at December 31, 2022 and 2021, was \$141,147,971 and \$131,697,924, respectively.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued**  
(Expressed in United States Dollars)

**(12) Banking Facility and Loans Payable - Continued**

**(b) Loans Payable, Net**

During January 2020, EFC along with GMBS entered into a credit facility which included a Term Loan and Delayed Draw Term Loan with a financial institution. The credit facility provides the opportunity for additional financial institutions to participate in future funding. The credit facility has been amended in prior years to note Advantedge, certain portfolio acquired assets, eCapital Healthcare Corp., and eCapital Healthcare Servicing Corp. as permitted acquisitions. The credit facility provides variable interest rate loans at the applicable margin plus the Term SOFR and Term SOFR Adjustment of 0.1%. The interest rate was 11.16% at December 31, 2022. As of December 31, 2022, EFC was in compliance with their various banking covenants set forth in the credit facility. As of December 31, 2022 and 2021, \$216,400,000 and \$71,400,000 was outstanding on the credit facility, respectively. The maturity date of the facility is January 31, 2025.

Loans payable issuance costs of approximately \$5,028,000 and \$2,520,000 were incurred during the years ended December 31, 2022 and 2021. Amortization of approximately \$1,305,000 and \$623,000, respectively, was recorded during the years ended December 31, 2022 and 2021, and included in amortization of debt issuance costs in the accompanying consolidated statements of income and comprehensive income.

At December 31, 2021, the Company had one loan payable to a third party (the "Lender") where the Company had invested the proceeds received in a portfolio of investments directly related to loans and or factoring. As at December 31, 2021, \$6,361,620 was outstanding on the loan. During 2022, the loan was paid off and closed.

**(13) Debentures and Promissory Notes Payable, Net**

Debentures and promissory notes payable, net at December 31, 2022 and 2021, consists of:

	<b>2022</b>	<b>2021</b>
Debentures payable - current portion, net	\$ 44,409,268	77,388,170
Promissory notes payable - current portion, net	57,976,273	65,205,238
	102,385,541	142,593,408
Debentures payable - non-current, net	205,328,270	163,911,144
Promissory notes payable - non-current, net	196,523,217	168,585,892
	401,851,487	332,497,036
Total debentures and promissory notes payable, net	\$ 504,237,028	475,090,444



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(13) Debentures and Promissory Notes Payable, Net - Continued

(a) Debentures Payable, Net

Debentures payable, net at December 31, 2022 and 2021, consists of:

	2022	2021
Denominated in U.S. dollars	\$ 40,865,000	35,455,000
Denominated in Canadian dollars translated into U.S. dollars	212,383,070	209,337,266
	253,248,070	244,792,266
Less: transaction costs	(3,510,532)	(3,492,952)
	\$ 249,737,538	241,299,314

The Company filed an Offering Memorandum (“OM”) on December 15, 2020 offering 5-year unsecured convertible debentures which bear interest at 10% per annum. Debenture holders may convert their debentures into preferred shares. The debentures are convertible at the option of the debenture holder at a rate of \$1,000 per preferred share unit, however the Company has the option whether to accept any conversion submitted to the Company by the debenture holder. During 2022 and 2021 no debentures were converted into preferred share units.

GMBS filed an OM on December 15, 2020 offering debentures at 1, 2, and 3 year terms. **Within prior OM’s the Company offered a discretionary redeemable debenture option where** the terms would be negotiated between the issuer and debenture holder. Approved redeemable debenture holders could convert their debentures into preferred shares with attached profit-sharing units (“preferred share units”). Each preferred share will have one profit sharing unit attached. The debentures are convertible at the option of the debenture holder at a rate of \$1,000 per preferred share unit, however, the Company has the option whether to accept any conversion submitted to the Company by the debenture holder. During 2020, this conversion option was no longer offered within the filed offering memorandum. For the years ended December 31, 2022 and 2021, no debentures were converted into preferred share units.

Bond filed an Offering Memorandum (“OM”) on September 23, 2022 and May 12, 2020, offering debentures at 3 year and 5-year terms. The debentures issued by the Company as part of the 2022 OM are secured obligations which bear interest at 8% per annum for the 3-year issuance term and LIBOR plus 500 basis points (9.78% at December 31, 2022) per annum for the 5-year issuance term. The debentures issued by the Company as part of the 2020 OM are secured obligations which bear interest at 8% or 8.25% per annum for the 3-year issuance term and LIBOR plus 500 basis points (5.17% at December 31, 2021) per annum for the 5-year issuance term. The debentures are not convertible at any time into any securities of the Company.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(13) Debentures and Promissory Notes Payable, Net - Continued**

**(a) Debentures Payable, Net - Continued**

The debentures issued by the Company are secured obligations which bear interest at 7% per annum for the 1-year issuance term, 7.5% per annum for the 2-year issuance term, and 8% per annum for the 3-year issuance term. They rank senior to all of the Company's indebtedness except for additional debentures which the Company anticipates may be issued and other senior secured indebtedness of the Company existing prior to the issuance of the debentures.

The face value of all debentures outstanding at December 31, 2022 and 2021, consists of the following:

	<b>2022</b>	<b>2021</b>
One year term	\$ 3,802,245	5,639,920
Two year term	-	1,276,840
Three year term	233,580,422	214,195,066
Five year term	15,865,403	23,680,440
	\$ 253,248,070	244,792,266

Debt issuance costs incurred for the years ended December 31, 2022 and 2021, amounted to approximately \$2,170,000 and \$3,278,000, respectively. Amortization of approximately \$2,152,000 and \$2,345,000, respectively, was recorded during the years ended December 31, 2022 and 2021, and included in amortization of debt issuance costs in the accompanying consolidated statements of income and comprehensive income.

Accrued interest payable as at December 31, 2022 and 2021, amounted to approximately \$3,954,000 and \$3,801,000, respectively, and is included in accrued expenses and other liabilities in the accompanying consolidated statements of financial position.

The future minimum payment commitment for the debentures at December 31, 2022 for the next five years, are approximately, as follows:

<u>Year Ending December 31,</u>	
2023	\$ 46,055,892
2024	110,208,822
2025	92,553,556
2026	4,429,800
2027	-
	\$ 253,248,070



**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(13) Debentures and Promissory Notes Payable, Net - Continued**

**(b) Promissory Notes Payable, Net**

Promissory notes payable, net at December 31, 2022 and 2021, consists of:

	<b>2022</b>	<b>2021</b>
Denominated in U.S. dollars	\$ 183,803,045	131,733,751
Denominated in euros translated into U.S. dollars	5,563,970	5,685,363
Denominated in British pounds translated into U.S. dollars	10,232,487	10,146,000
Denominated in Canadian dollars translated into U.S. dollars	54,899,988	86,626,016
	254,499,490	234,191,130
Less: promissory notes issuance costs	-	(400,000)
	<b>\$ 254,499,490</b>	<b>233,791,130</b>

The Company has various unsecured promissory notes which bear interest rates between 2% and 15% per annum, with approximately \$5 million due on demand and the remaining balance due between 2022 - 2026.

Amortization of promissory notes of approximately \$400,000 and \$427,000, respectively, was recorded during the years ended December 31, 2022 and 2021, and included in amortization of debt issuance costs in the accompanying consolidated statements of income and comprehensive income.

**(14) Leasing Arrangements**

The Company, through its subsidiaries, leases various offices and furniture and equipment. Rental contracts are typically made for fixed periods up to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of office space for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As discussed in Note 2, the Company adopted IFRS 16 using the modified retrospective approach. Prior to adoption, leases of office space and equipment were classified as either finance leases or operating leases. Subsequent to adoption of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(14) Leasing Arrangements - Continued

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing; and
- Makes adjustments specific to the lease, e.g., term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For the years ended December 31, 2022 and 2021, total interest expense charged on financial leases was approximately \$326,000 and \$381,000, respectively.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)**

**(14) Leasing Arrangements - Continued**

The future maturities of the lease liabilities are as follows:

<u>Year Ending December 31,</u>	<u>Finance Leases</u>
2023	\$ 2,190,938
2024	1,681,258
2025	1,697,338
2026	1,581,125
2027	730,343
Thereafter	<u>990,314</u>
<b>Total lease payments</b>	<b>8,871,316</b>
<b>Less: interest</b>	<u>(817,068)</u>
<b>Present value of lease liabilities</b>	<b><u>\$ 8,054,248</u></b>

**(15) Share Capital**

Share capital consists of the following:

- Authorized;
- Unlimited common shares, voting;
- Unlimited redeemable at the sole discretion of the Company, at \$1,000 per share, non-voting, 9.6% cumulative dividend, Class A preferred shares;
- Unlimited redeemable at the sole discretion of the Company, \$1,000 per share, non-voting, 9.6% cumulative dividend, Class A Series II preferred shares (all shares redeemed during 2021);
- Unlimited redeemable at the sole discretion of the Company, in part or full, \$1,000 per share, issuable in series, non-voting, 10% cumulative dividend, Series 1-16 preferred shares.
- Maximum of 100,000 redeemable at the sole discretion of the Company, in part or full, after 3 years from the issuance date, \$1,000 per share, non-voting, 8.0% cumulative dividend, Series 6 preferred shares;
- Unlimited Class A common shares, non-voting;
- Unlimited Class B common shares, voting.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued**  
(Expressed in United States Dollars)

**(15) Share Capital - Continued**

Share capital breakdown at December 31, 2022 and 2021 is as follows:

	<u>Shares</u>		<u>Cost</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Common shares	1,000	1,000	\$ 3,257,118	3,257,118
Class A preferred shares	9,909	9,859	7,424,228	7,385,208
Series 1 - 16 preferred shares	64,162	84,362	49,116,490	63,170,610
Class A common shares	20,705	-	15,089,645	-
	<u>95,776</u>	<u>95,221</u>	<u>\$ 74,887,481</u>	<u>73,812,936</u>

***Dividends***

During the years ended December 31, 2022 and 2021, the Company declared and paid the following dividends:

	<u>2022</u>	<u>2021</u>
Class A preferred shares	\$ 700,510	802,475
Class A Series II USD preferred shares	-	8,000
Class A common shares	308,139	-
Series 1- 16 preferred shares	<u>8,384,241</u>	<u>6,602,652</u>
	<u>\$ 9,392,890</u>	<u>7,413,127</u>

**(16) Due from Related Parties, Net**

The Company shares operating expenses with various affiliates through a cost allocation agreement with eCapital Enterprises Corp. The percentage allocation is calculated based on each entity's average assets outstanding and adjusted based on management's best estimate for the time involvement required to support each entity and each entity's degree of interdependence with the group.

As part of the funding of its operations and acquisitions, the Company has borrowed, via signed promissory notes from eCapital Holding Corp., the Company's parent, and the Trust. Interest on the promissory notes ranges between 7.75% - 10% annually, and is included in interest expense in the consolidated statements of income and comprehensive income.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued**  
(Expressed in United States Dollars)

**(16) Due from Related Parties, Net - Continued**

	<b>2022</b>	<b>2021</b>
Promissory notes due from eCapital Holdings Corp.	\$ 48,043,682	45,233,544
Promissory notes due from (to) eCapital Trust Corp.	182,867,453	(17,238,569)
Receivable due to eCapital Trust Corp.	978,440	2,664,357
Receivable (payables) due to eCapital Enterprises Corp.	3,062,608	(1,862,096)
Other (payables) receivables	(23,141)	22,307
<b>Due from related parties, net</b>	<b>\$ 234,929,042</b>	<b>28,819,543</b>

All related party transactions are considered properly recorded and disclosed within the due from related parties, net within the consolidated statement of financial position.

**(17) Financial Risk Management**

The Company is exposed to various financial risks as a result of its operations as disclosed below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify, analyze, limit control and monitor the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in the risk environment faced by the Company.

**(a) Credit Risk**

Credit risk is the risk of financial loss to a company if a customer or counterparty to a financial instrument fails to meet its financial obligations. In the Company's case, credit risk arises with respect to the various financed receivables, net and the Trust receivables and other as detailed in Notes 5 and 7. To mitigate its credit risk exposure, the Company invests in investments which are protected by third party credit insurance or backed by assets acceptable to the Company. The Company manages credit risk on cash by depositing cash in reputable Canadian and United States banks. However, at times, balances in United States financial institutions may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits of \$250,000 (USD) per bank and balances in Canadian financial institutions may exceed Canadian Deposit Insurance Corporation ("CDIC") of \$100,000 (CAD) per bank.

The Company has never experienced any losses related to these balances. At December 31, 2022 and 2021, the Company had approximately \$77.2 million and \$63.8 million in deposit balances at various financial institutions which were in excess of FDIC and CDIC limits.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(17) Financial Risk Management - Continued

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's principal obligations are its banking facility, debentures payable, promissory notes payable, loans payable, client cash collateral, and accounts payable and accrued liabilities.

The contractual maturities of the Company's financial liabilities at December 31, 2022 and 2021, are as follows:

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>0 to 12 Months</u>	<u>After 12 Months</u>
<b>December 31, 2022:</b>				
Accrued expenses and other liabilities	\$ 42,128,963	42,128,963	42,128,963	-
Client reserves, net	273,393,019	273,393,019	273,393,019	-
Banking facility and loans payable, net	1,119,344,462	1,119,344,462	906,667,752	212,676,710
Debentures and promissory notes payable, net	504,237,028	504,237,028	102,385,541	401,851,487
	<u>\$ 1,939,103,472</u>	<u>1,939,103,472</u>	<u>1,324,575,275</u>	<u>614,528,197</u>
<b>December 31, 2021:</b>				
Accrued expenses and other liabilities	\$ 25,061,992	25,061,992	25,061,992	-
Client reserves, net	218,948,980	218,948,980	218,948,980	-
Banking facility and loans payable, net	605,169,448	605,169,448	535,668,974	69,500,474
Debentures and promissory notes payable, net	475,090,444	475,090,444	142,593,408	332,497,036
	<u>\$ 1,324,270,864</u>	<u>1,324,270,864</u>	<u>922,273,354</u>	<u>401,997,510</u>

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, which will affect the Company's income or the value of its financial instruments. The objective of managing market risk is to control market risk exposures within acceptable parameters, while optimizing the return on risk.

**ECAPITAL GROUP CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements - Continued**  
(Expressed in United States Dollars)

**(17) Financial Risk Management - Continued**

**(d) Foreign Currency Risk**

The Company is exposed to fluctuations in foreign exchange rates as at December 31, 2022 and 2021, as there were some balances stated in CAD, GBP and EURO. The Company is subject to currency risk arising from these financial instruments in the normal course of business.

At December 31, 2022 and 2021, the Company had foreign currency denominated amounts as follows:

<b>(In Canadian Dollar)</b>	<b>2022</b>	<b>2021</b>
Cash	\$ 134,714	20,583,504
Trust receivables	206,586,585	133,020,829
Interest receivable	-	605,098
Due (to) from affiliates, net *	31,126,644	(1,735,111)
Accounts payable	(11,809,849)	(11,799,761)
Debentures payable	(287,665,000)	(265,387,000)
Promissory notes payable	(74,360,000)	(109,820,000)
	<b>\$ (135,986,906)</b>	<b>(234,532,441)</b>

\*Foreign currency exposure fixed at historical rate per agreement among parties.

A fluctuation of +/- 1% provided as an indicative range in currency movement, on financial instruments that are denominated in foreign currency other than USD, with, all other things being equal, have an effect on the results from operations and comprehensive income of approximately (\$1,004,000) USD and (\$1,850,000) USD, respectively, for the years ended December 31, 2022 and 2021.

<b>(In British Pounds)</b>	<b>2022</b>	<b>2021</b>
Cash	\$ 684,720	-
Investment portfolio	5,000,000	5,000,000
Accounts payable	(965,772)	(2,521,678)
Debentures payable	(8,458,000)	-
Due to related parties	-	(7,500,000)
	<b>\$ (3,739,052)</b>	<b>(5,021,678)</b>

A fluctuation of +/- 1% on financial instruments that are denominated in foreign currency other than USD, with, all other things being equal, have an effect on the results from operations and comprehensive loss of approximately (\$45,000) USD and (\$90,000) USD for the year ended December 31, 2022 and 2021, respectively.



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(17) Financial Risk Management - Continued

(e) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument might be adversely affected by a change in interest rates. It is management's opinion that the Company is not exposed to any significant cash flow risk as all its debentures and promissory notes payable and most of its loans payable are at fixed rates. Three loans bear interest at one month Term SOFR plus applicable margin related to variable rate loans, and as such, is subject to interest rate cash flow risk resulting from market fluctuations in interest rates.

The fair value of debentures and promissory notes payable and loans payable having fixed rates of interest could fluctuate because of changes in market interest rates. Other financial instruments are not exposed to significant interest rate risk.

(18) Capital Maintenance

The Company considers its capital structure to include stockholders' equity and debt (principally debentures payable, promissory notes payable, loans payable, and banking facility totaling approximately \$1,686 million and \$1,133 million, respectively, at December 31, 2022 and 2021. The Company's objectives when managing capital are to: (a) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (b) maintain a capital structure that allows the Company to finance its growth using internally generated cash flow and debt capacity; and (c) optimize the use of its capital to provide an appropriate investment return to its shareholder commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may from time to time increase shareholders' capital by way of normal course issuer bids, issue new shares or reduce liquid assets to repay debt.



ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(19) Income Taxes

(a) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian and U.S. federal/provincial tax rates with the income tax expense in the consolidated financial statements for the year ended December 31, 2022:

	<u>Entities Filing Taxes in Canada</u>	<u>Entities Filing Taxes in the U.S.</u>	<u>Entities Filing Taxes in the UK</u>	<u>Total</u>
Net income (loss) before income taxes	\$ (5,896,051)	12,415,494	8,874,251	15,393,694
Statutory rate	26.50%	25.35%	18.04%	
Expected income tax expense (benefit)	(1,562,453)	3,147,328	1,601,238	3,186,113
Increase (decrease) resulting from:				
Non-deductible expenses	4,762,638	1,716,938	704,851	7,184,427
Non-capital loss	693,917	(1,046,447)	5,913	(346,617)
Debtenture issuance costs	13,819	-	-	13,819
Other	79,824	-	-	79,824
Income tax expense (benefit)	<u>\$ 3,987,744</u>	<u>3,817,819</u>	<u>2,312,003</u>	<u>10,117,566</u>
Allocation of expense (benefit):				
Current	\$ 14,123,095	4,830,988	2,312,003	21,266,086
Deferred	<u>(10,135,351)</u>	<u>(1,013,169)</u>	<u>-</u>	<u>(11,148,520)</u>
Income tax expense (benefit)	<u>\$ 3,987,744</u>	<u>3,817,819</u>	<u>2,312,003</u>	<u>10,117,566</u>

The following table reconciles income taxes calculated at combined Canadian and U.S. federal/provincial tax rates with the income tax expense in the consolidated financial statements for the year ended December 31, 2021:

	<u>Entities Filing Taxes in Canada</u>	<u>Entities Filing Taxes in the U.S.</u>	<u>Entities Filing Taxes in the UK</u>	<u>Total</u>
Net income (loss) before income taxes	\$ (17,347,443)	20,293,640	4,567,854	7,514,051
Statutory rate	26.50%	24.36%	18.04%	
Expected income tax expense (benefit)	(4,597,072)	4,944,022	824,208	1,171,158
Increase (decrease) resulting from:				
Non-deductible expenses	15,047	1,017,079	-	1,032,126
De-recognition of previously recognized deferred tax assets	(7,722)	(710,921)	-	(718,643)
Debtenture issuance costs	176,862	-	-	176,862
Other	1,158,806	(142,876)	-	1,015,930
Income tax (benefit) expense	<u>\$ (3,254,079)</u>	<u>5,107,304</u>	<u>824,208</u>	<u>2,677,433</u>
Allocation of expense (benefit):				
Current	\$ 3,006,558	5,406,387	791,436	9,204,381
Deferred	<u>(6,260,637)</u>	<u>(299,083)</u>	<u>32,772</u>	<u>(6,526,948)</u>
Income tax (benefit) expense	<u>\$ (3,254,079)</u>	<u>5,107,304</u>	<u>824,208</u>	<u>2,677,433</u>

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(19) Income Taxes - Continued

(b) Deferred Income Taxes

At December 31, 2022, the Company has net deferred tax assets and liabilities comprised of the following:

	<u>Entities Filing Taxes in Canada</u>	<u>Entities Filing Taxes in the U.S.</u>	<u>Entities Filing Taxes in the UK</u>	<u>Total</u>
Deferred tax asset:				
Net operating loss	\$ 15,519,893	349,547	-	15,869,440
Allowance for credit loss	55,353	362,961	-	418,314
Deferred compensation	-	212,825	-	212,825
Lease	716,322	242,926	-	959,248
Debt issuance costs	650,492	-	-	650,492
Other	1,861,888	476,720	631,808	2,970,416
	<u>\$ 18,803,948</u>	<u>1,644,979</u>	<u>631,808</u>	<u>21,080,735</u>
Deferred tax liability:				
Fixed assets	\$ 1,654,321	-	-	1,654,321
Debt issuance costs	-	-	-	-
Acquired intangibles	325,228	4,289,823	-	4,615,051
Other	2,606,402	50,489	-	2,656,891
	<u>\$ 4,585,951</u>	<u>4,340,312</u>	<u>-</u>	<u>8,926,263</u>

At December 31, 2021, the Company has net deferred tax assets and liabilities comprised of the following:

	<u>Entities Filing Taxes in Canada</u>	<u>Entities Filing Taxes in the U.S.</u>	<u>Entities Filing Taxes in the UK</u>	<u>Total</u>
Deferred tax asset:				
Net operating loss	\$ 13,128,919	1,363,576	-	14,492,495
Allowance for credit loss	-	328,771	-	328,771
Deferred compensation	-	336,328	-	336,328
Lease	55,993	184,176	-	240,169
Debt issuance costs	637,403	(7,526)	-	629,877
Other	8,791	(142,706)	570,653	436,738
	<u>\$ 13,831,106</u>	<u>2,062,619</u>	<u>570,653</u>	<u>16,464,378</u>
Deferred tax liability:				
Fixed assets	\$ 313,493	629,956	-	943,449
Debt issuance costs	97,817	-	-	97,817
Acquired intangibles	683,101	-	-	683,101
Other	3,544,929	-	-	3,544,929
	<u>\$ 4,639,340</u>	<u>629,956</u>	<u>-</u>	<u>5,269,296</u>

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(19) Income Taxes - Continued

(b) Deferred Income Taxes - Continued

Deferred tax assets arising from net operating loss carry-forwards for entities filing taxes in Canada are reported based upon the probable expectation of utilizing the available net operating losses against future taxable income over the remaining 18-year carry-forward period.

Deferred tax assets arising from net operating loss carry-forwards for entities filing taxes in the U.S. have been offset by a corresponding valuation allowance resulting from the expectation of the future tax reporting of the entity.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

(20) Benefit Plans

The Company, through its affiliate eCapital Enterprises Corp., has a defined contribution 401(k) plan for eligible employees of the following subsidiaries: CPSC, Bibby, Gerber, GMF, and Paragon. Employees of the previously noted subsidiaries may contribute up to 100% of their compensation subject to certain limits based on federal laws. The total employer contributions charged against operations amounted to approximately \$680,000 and \$528,000, respectively for the year ended December 31, 2022 and 2021.

Advantedge has a defined contribution pension plan for eligible salaried employees. During 2022 and 2021, Advantedge contributed approximately \$501,000 and \$484,000, respectively to the plan.

(21) Commitments and Contingencies

(a) Trade Guarantees and Letters of Credit

A subsidiary of the Company issues trade guarantees and letters of credit on behalf of clients. These trade guarantees and letters of credit are payable against shipment of goods to clients by their suppliers. Amounts payable under these trade guarantees and letters of credit are fully chargeable to clients.

At December 31, 2022 and 2021, trade guarantees and letters of credit with off-statement of financial position risk totaled approximately \$2,911,000 and \$2,416,000.

ECAPITAL GROUP CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements - Continued  
(Expressed in United States Dollars)

(21) Commitments and Contingencies - Continued

(b) Employment Agreements

Gerber entered into employment agreements that contain deferred compensation and annual **guaranteed bonus of a percentage of Gerber's adjusted net profit**. Additionally, one employee was granted 7,500 equity appreciation units ("EAU's"), which shall be equal to 1/1000th of a 1% share of any future growth in Gerber's reported shareholder equity above the shareholder equity base. For the years ended December 31, 2022 and 2021, there was approximately \$1,168,000 and \$1,446,000, respectively, accrued under these agreements. During 2022 and 2021, early distributions were paid from the deferred compensation arrangement in the amount of approximately \$184,000 and \$114,000, respectively.

(c) Contingent Liabilities

From time to time, the Company is involved in lawsuits and claims incidental in the ordinary course of business. Management does not believe the outcome of any litigation against the Company would have a material adverse effect on the Company's consolidated financial position or results of operations.

(22) Subsequent Events

The Company has evaluated subsequent events through May 9, 2023, the date these consolidated financial statements were available to be issued.

**DATE AND CERTIFICATE**

**Dated: May 9, 2023**

**This Offering Memorandum does not contain a misrepresentation.**

**ON BEHALF OF THE DIRECTORS AND OFFICERS OF ECAPITAL BOND CORP.**

---

Stephen McDonald  
President

**SCHEDULE "A" – FORM OF SUBSCRIPTION AGREEMENT**

**Form of Subscription Agreement between Issuer and each Subscriber**

**SUBSCRIPTION FOR CLASS A COMMON SHARES**

**TO: ECAPITAL BOND CORP. (the “Corporation”)**

The undersigned (the “Subscriber”) hereby irrevocably subscribes for and agrees to purchase the number of Series \_\_\_ Class A Common Shares (each a “Class A Common Share”) of the Corporation set forth below at a price of \$1,000.00 CAD, \$1,000.00 USD, €1,000.00 EUR, or £1,000.00 GBP per Class A Common Share for the aggregate subscription price set forth below (the “Aggregate Subscription Price”), upon and subject to the terms and conditions set forth in “Terms and Conditions of Subscription for Securities of eCapital Bond Corp.” attached hereto (together with this page and the attached Schedules, the “Subscription Agreement”). **In addition to this face page, the Subscriber must also complete the Schedules (and, where applicable, their Exhibits) attached hereto.**

_____ Full Legal Name of Subscriber (please print)
By: _____ Authorized Signature
_____ Official Title or Capacity (please print)
_____ Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)
_____ Subscriber’s Address (including postcode)
_____ Telephone Number (including area code)
_____ Email Address
_____ Social/National Insurance Number or Company Tax Number
<p><b>By executing this Subscription, you are consenting (on your behalf and, if applicable, on behalf of the beneficial purchaser for whom you are contracting), to the collection, use and disclosure of personal information in the manner described in this Subscription Agreement.</b></p>
<p><b>By executing this Agreement, the Subscriber informs the Corporation that it does not want to receive the annual financial statements.</b></p>
<p><b><u>Register the Securities as follows:</u></b></p>
_____ Name
_____ Account reference, if applicable
_____ Address (including postcode)
_____ _____ _____

_____ Class A Common Shares at \$1,000.00 CAD or USD or €1,000.00 EUR, or £1,000.00 GBP each (circle one)
---

Aggregate Subscription Price: [\$/[€],[£] _____ CAD USD, EUR, GBP (circle one)
--

<p><b>If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal under NI 45-106 (as defined herein), by virtue of being either (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each such case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Exhibit 1 and, if applicable, Exhibit 2 to Schedule “B” is completed in respect of such principal (“Disclosed Beneficial Purchaser”):</b></p>
_____ (Name of Principal)
_____ (Principal’s Address)
_____ (Principal’s Telephone Number) (Principal’s E-mail Address)
_____ (Principal’s National Insurance Number or Company Tax Number)
<p><b><u>Deliver the Securities as follows:</u></b></p>
_____ Name
_____ Account reference, if applicable
_____ Contact Name
_____ Address (including postcode)
_____ Telephone Number (including area code)

**ACCEPTANCE:** The Corporation hereby accepts the above subscription on the terms and conditions contained in this Subscription Agreement and the Corporation represents, warrants and covenants to the Subscriber that the representations, warranties and covenants made herein by the Corporation are true and correct in all material respects as of the Closing Date (as defined herein) (save and except as otherwise indicated herein) and that the Subscriber is entitled to rely thereon.

**ECAPITAL BOND CORP.**

Date: \_\_\_\_\_, 20\_\_.

Per: \_\_\_\_\_  
**Authorized Signing Officer**

*This is the first page of an agreement comprised of 14 pages (plus schedules and exhibits).*

**Please make sure that your subscription includes:**

1. **A signed copy of this Subscription Agreement;**
2. **A certified cheque, bank draft, or electronic wire transfer** in an amount equal to the Aggregate Subscription Amount, payable to eCapital Bond Corp.;
3. **If purchasing Securities as an “accredited investor” as described in Schedule “B”,** one (1) properly completed and duly executed copy of a “Representation Letter” in the form attached to this Subscription Agreement as Schedule “B” plus Exhibit 1 attached thereto and, if applicable, Exhibit 2 also attached thereto; and
4. **If purchasing Securities under the “minimum amount investment” exemption under section 2.10 of NI 45-106,** all Subscribers must submit a completed and signed copy of this Subscription Agreement only.

**Please deliver your subscription**

To the Corporation at:

eCapital Bond Corp.  
155 University Ave., Suite 1220  
Toronto, Ontario M5H 3B7  
*Attention: Steve McDonald, President*



**TERMS AND CONDITIONS OF THE SUBSCRIPTION  
FOR SECURITIES OF ECAPITAL BOND CORP.**

1. **Interpretation**

In this Subscription Agreement:

“**Accredited Investor**” has the meaning ascribed thereto (i) in the Province of Ontario under section 73.3(1) of the *Securities Act* (Ontario) and regulations promulgated thereunder, (ii) in the Province of Quebec under Quebec Regulation 45-106, or (iii) in other provinces and territories of Canada, in section 1.1 of National Instrument 45-106 – *Prospectus Exemptions*, as applicable;

“**Aggregate Subscription Price**” has the meaning ascribed thereto on the face page hereof;

“**business day**” means any day, other than a Saturday, a Sunday or a statutory holiday in the Province of Ontario, Canada;

“**Class A Common Share**” means a Class A Common Share in the capital of the Corporation;

“**Closing Date**” shall have the meaning ascribed thereto in Section 10 hereof;

“**Closing Time**” shall have the meaning ascribed thereto in Section 10 hereof;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CDS Security**” means a Security that is issued to and registered in the name of the Depository, or its nominee, for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository’s book-entry only registration system;

“**Depository**” means, with respect to the Securities issuable or issued in the form of one or more CDS Securities, the person designated as depository by the Corporation, and the Depository shall initially be CDS;

“**Effective Date**” means the date on which this Subscription Agreement is accepted by the Corporation;

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions* as such instrument is in effect (if applicable) on the Closing Date in the province of Canada in which the Subscriber resides;

“**Offering**” has the meaning as defined in Section 2 below;

“**Offering Memorandum**” means the offering memorandum dated May 9, 2023, as it may be amended from time to time;

“**PCMLTFA**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended from time to time;

“**Person**” means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof, and every other form of legal or business entity of whatsoever nature or kind;

“**Quebec Regulation 45-106**” means Regulation 45-106 *Respecting Prospectus Exemptions* as such instrument is in effect (if applicable) on the Closing Date in the Province of Quebec;

“**Securities**” means the Class A Common Shares;

“**Subscriber**” means the person identified as the Subscriber on the face page of this Subscription Agreement;

“**Subscription Agreement**” means this subscription agreement, together with the face page hereof and the schedules, exhibits and appendices attached hereto, duly and properly executed and delivered by a Subscriber;

“**United States**” means the United States of America, its territories, any state of the United States and the District of Columbia;

“**U.S. Person**” means “U.S. Person” as defined under Rule 902(k) of Regulation S under the U.S. Securities Act. Without limiting the foregoing, but for greater clarity in this Subscription Agreement, a U.S. Person includes, subject to the exclusions set forth in Regulation S, (i) any natural person resident in the United States, (ii) any partnership or corporation organized or incorporated under the laws of the United States, (iii) any estate or trust of which any executor, administrator or trustee is a U.S. Person, (iv) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States, and (v) any partnership or corporation organized or incorporated under the laws of any non-U.S. jurisdiction which is formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by U.S. accredited investors (as defined in Rule 501(a) under Regulation D made under the U.S. Securities Act) who are not natural persons, estates or trusts;

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended; and

words importing the singular include the plural and *vice versa* and words importing gender include all genders.

2. **The Offering.** The Subscriber acknowledges that the Securities subscribed for by such Subscriber hereunder form part of a larger issuance and sale by the Corporation of up to 200,000 Class A Common Shares (the “**Offering**”).
3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Subscription Agreement, the Subscriber represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel are relying thereon) that:
  - (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of the Subscriber’s obligations hereunder, and to undertake all actions required of the Subscriber hereunder;
  - (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement, to perform all of the Subscriber’s obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or others with respect to such matters have been given or obtained;
  - (c) if the Subscriber is not an individual, (i) the Subscriber pre-existed the Offering and has a *bona fide* business other than the investment in the Securities and was not created or used solely to purchase or hold securities to be purchased pursuant to this Subscription Agreement;
  - (d) if the Subscriber is a body corporate, the Subscriber is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation;
  - (e) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber;
  - (f) if the Subscriber is acting as agent for a principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription on behalf of such principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and

enforceable obligation of, such principal;

- (g) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constituting documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (h) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):
  - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Securities;
  - (ii) is capable of assessing the proposed investment in the Securities as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation or from other qualified financial, accounting, legal and tax advisors;
  - (iii) is aware of the characteristics of the Securities and the risks relating to an investment therein; and
  - (iv) is able to bear the economic risk of a loss of this investment in the Securities;
- (i) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Securities and that there is no government or other insurance covering the Securities;
- (j) the Subscriber acknowledges that no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Securities and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:
  - (i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;
  - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and
  - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (k) the Subscriber acknowledges that the Corporation will not be mailing any annual financial statements to its shareholders;**
- (l) the Subscriber confirms that neither the Corporation nor any of its directors, employees, officers, agents or affiliates, has made any representations (written or oral) to the Subscriber:
  - (i) regarding the future value of the Securities;
  - (ii) that any person will resell or repurchase the Securities; or
  - (iii) that any person will refund the purchase price of the Securities other than as provided in this Subscription Agreement;
- (m) the Subscriber confirms that it has been provided with the Offering Memorandum, but has not

been provided with a prospectus or any other document in connection with its subscription for Class A Common Shares and the decision to subscribe for Class A Common Shares and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Corporation or any employee or agent of the Corporation and has been based entirely upon this Agreement including the term sheet attached hereto as Schedule "A" (the "**Term Sheet**") and the Offering Memorandum;

- (n) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Securities as an investment for the Subscriber and the resale restrictions and "hold periods" to which the Securities are subject under applicable securities legislation, and the Subscriber has not relied upon any statements relating to suitability made by or purporting to have been made on behalf of the Corporation in deciding to subscribe for Securities hereunder;
- (o) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Securities, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or without respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
- (p) the Subscriber acknowledges that it and/or the Corporation may be required to provide applicable securities regulatory and taxation authorities with the identities of the beneficial purchasers of the Securities and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Securities as agent for an undisclosed principal, the Subscriber will provide to the Corporation, on request, particulars as to the identity of such undisclosed principal as may be required by the Corporation in order to comply with the foregoing;
- (q) the Subscriber satisfies one of the clauses of subsections 3(q)(i) or, 3(q)(ii) below or subsections 3(r) or (s) which follow:
  - (i) **if it is a resident in or otherwise subject to the applicable securities laws of any jurisdiction in Canada, it is purchasing the Securities as principal for its own account** and not for the benefit of any other person, and:
    - (A) the Subscriber is an "accredited investor" (as defined in applicable securities legislation, which definition is summarized in Exhibit 1 to Schedule "B" attached hereto and the Subscriber has executed and delivered to the Corporation a Representation Letter in the form attached hereto as Schedule "B" and (I) has initialed or otherwise marked on the Exhibit 1 thereto, indicating that the Subscriber fits within one of the categories of "accredited investor" set forth in such definition and (II) if such Subscriber fits within category (j), (k) or (l) in Exhibit 1, has completed Exhibit 2 thereto; or
    - (B) the Subscriber is not an individual and is purchasing as principal sufficient Securities such that the aggregate acquisition cost of the Securities is not less than \$150,000 payable in cash and the Subscriber is not a corporation, syndicate, partnership or other form of incorporated or non-incorporated entity or organization created solely to permit the purchase of the Securities by a group of individuals whose individual share of the aggregate acquisition cost of the Securities is less than \$150,000 payable in; or
    - (C) the Subscriber is a creditor holding a *bona fide* debt owed to the creditor by the Corporation being settled in whole or in part by Securities being issued by the Corporation to the Subscriber pursuant to the Offering; OR
  - (ii) **if the Subscriber is not purchasing as principal for its own account, then:**

- (A) the Subscriber is duly authorized to provide and agree to all of the Subscriber's representations, warranties and covenants on behalf of each beneficial purchaser for whom the Subscriber acts;
  - (B) the Subscriber acknowledges that the Corporation may be required by law to disclose, on a confidential basis, to certain governmental or regulatory authorities, the identity of each purchaser of Securities for whom the Subscriber may be acting and, if it is acting as the agent for one or more disclosed principals, each of such principals is purchasing as principal for its own account, and each of such principals complies with each of the representations, warranties and covenants of subscribers herein including, without limitation, subsections 3(k), (l), (m), (q), (i) and (v) hereof;
  - (C) the Subscriber and each beneficial purchaser hereunder are resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address"; and
  - (D) if the Subscriber is resident in or otherwise subject to the applicable securities laws of any jurisdiction in Canada, the Subscriber is an Accredited Investor as defined in paragraphs (p) or (q) of the applicable definition of Accredited Investor (which definition is reproduced in Exhibit 1 to Schedule "B" attached hereto); provided, however, that the Subscriber is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada and **the Subscriber has executed and delivered to the Corporation a Representation Letter in the form attached hereto as Schedule "B" (together with Exhibit 1 thereto and, if applicable, Exhibit 2 thereto) indicating that the Subscriber fits within one of the categories of Accredited Investor set forth in such definition; OR**
- (r) ***(circle, if applicable, and initial)* if the Subscriber is resident in any jurisdiction in Canada and does not comply with the criteria set forth in clauses 3(q)(i) or (ii) above**, the Subscriber's purchase of Securities hereunder would, if completed, be made pursuant to an exemption from the registration and prospectus requirements under applicable securities legislation (particulars of which exemption(s) are enclosed herewith), and the Subscriber will deliver to the Corporation such further particulars of the exemption(s) and evidence of the Subscriber's qualifications thereunder as the Corporation may request;
- (s) ***(circle, if applicable, and initial)* if the Subscriber is resident in any jurisdiction outside of Canada and the United States:** (i) the execution of this Subscription Agreement and the final decision by the Subscriber to acquire the Securities, together with all acts of solicitation and negotiation, were made outside of North America; (ii) the Subscriber is not purchasing the Securities for the benefit of any citizen or resident of Canada, or a partnership or other entity created in or organized under the laws of Canada or any province or territory of Canada, or any U.S. Person; (iii) the Subscriber is purchasing the Securities for investment only and not with a view to the resale or distribution of all or any of the Securities; (iv) the purchase and sale of the Securities does not contravene any of the applicable securities laws in the Subscriber's jurisdiction of residence and does not cause (A) any obligation on the part of the Corporation to prepare and file a prospectus, offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise, or (B) any registration or other obligation on the part of the Corporation; (v) the sale of the Securities as contemplated in this Subscription Agreement complies with or is exempt from the applicable securities legislation of the Subscriber and the beneficial purchaser's jurisdiction of residence regarding any requirements for delivery of a prospectus or similar document or registration of the Securities; and (vi) the Subscriber will provide such evidence of compliance with all such matters as the Corporation may request; and (vii) the Subscriber and, if applicable, the beneficial purchaser comply with the provisions of clauses 3(q)(i) or (ii) hereof as if such Subscriber and beneficial purchaser were

resident in Canada; and (viii) the Subscriber will provide such evidence of compliance with all such matters as the Corporation may request;

- (t) the Subscriber understands that the sale of the Securities is conditional upon such sale being exempt from the requirements to file and obtain a receipt for a prospectus or to deliver an offering memorandum and from the requirement to register the Securities or to sell securities through a registered dealer, or upon the issuance of such orders, consents or approvals as may be required to enable such sale to be made without complying with such requirements, and that as a consequence of acquiring the Securities pursuant to such exemptions, certain protections, rights and remedies provided by applicable securities legislation and the benefit of any protection that might have otherwise been available by having a dealer involved in the sale, may not be available to the Subscriber in connection with the purchase and sale of the Securities hereunder;
- (u) the Subscriber understands that it may not be able to resell the Securities, except in accordance with limited exemptions available under applicable securities legislation and regulatory policy, and that the Subscriber is solely responsible for (and neither the Corporation nor any other party is in any way responsible for) the Subscriber's compliance with applicable resale restrictions;
- (v) the Subscriber has not received or been provided with, nor has it requested, nor does it have any need to receive any document describing the business and affairs of the Corporation which has been prepared for delivery to and review by prospective purchasers in order to assist them in making an investment decision in respect of the purchase of the Securities pursuant to the Offering;
- (w) the Subscriber has relied solely upon the business records and other information relating to the Corporation made available to the Subscriber and its financial, accounting, legal, tax and other business advisors for the Subscriber's due diligence investigations and not upon any oral or written representation as to fact or otherwise made by or on behalf of the Corporation, such available information not having been subjected to independent investigation or verification by the Corporation for the purposes hereof and the Subscriber acknowledges that the Corporation's legal counsel is acting as legal counsel to the Corporation and not as legal counsel to the Subscriber;
- (x) at the Corporation's sole discretion, the Securities may be evidenced by a certificate or ownership statements issued under a direct registration system or other electronic book-entry system;
- (y) certificates for the Securities (and any replacement certificates issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-entry system, will bear a legend in the following form in accordance with the applicable securities laws:

**“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE OF ISSUANCE, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY”**

- (z) in addition to bearing a legend substantially in the form provided in Section 3(y), CDS Securities shall bear a legend substantially to the following effect:

**“UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO ECAPITAL BOND CORP. (THE “ISSUER”), ITS SUCCESSOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR**

**OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”**

- (aa) the Subscriber is aware that the Securities have not been and will not be registered under the United States Securities Act or the securities legislation of any state in the United States and that the Securities may not be offered or sold directly or indirectly in the United States without registration under the U.S. Securities Act and applicable state securities laws or compliance with requirements of exemptions from such registration, and the Subscriber acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act or state securities laws in respect of the Securities;
- (bb) the Subscriber is not a U.S. Person or a person in the United States and the Subscriber is not acquiring the Securities for the account or benefit of a U.S. Person or a person in the United States;
- (cc) the Securities have not been offered to the Subscriber in the United States, and the individuals making the offer to purchase the Securities and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the offer was placed and this Subscription Agreement was executed and delivered;
- (dd) the Subscriber undertakes and agrees that it will not offer or sell any of the Securities in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or exemptions from such registration requirements are available;
- (ee) the Subscriber will not resell any of the Securities except with the consent of the Corporation had and obtained and, in any event, in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and, if applicable, stock exchange rules;
- (ff) if required by applicable securities legislation or regulatory policy or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Securities, as may be required or requested by the Corporation;
- (gg) except as disclosed in writing to the Corporation, the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Corporation;
- (hh) except as specifically provided for in the Term Sheet, there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee and if any person establishes a claim that any fee or other compensation is payable in connection with this subscription for Class A Common Shares, the Subscriber covenants to indemnify and hold harmless the Corporation with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (ii) the Subscriber is not a “control person” of the Corporation, as that term is defined in the *Securities Act* (Ontario), will not become a “control person” of the Corporation by purchasing the number of Securities subscribed for under this Subscription Agreement and does not intend to act jointly or in concert with any other person to form a control group in respect of the Corporation;
- (jj) the funds representing the aggregate subscription price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLTFA”) or similar legislation of any other jurisdiction and the Subscriber acknowledges that the Corporation

may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA or similar legislation of any other jurisdiction. To the best of the knowledge of the Subscriber: (a) none of the subscription funds to be provided by the Subscriber: (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (b) the Subscriber shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and will provide the Corporation with appropriate information in connection therewith;

- (kk) the Subscriber acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund its ongoing development. There is no assurance that such financing will be available or, if available, will be available on reasonable terms. Any such future financings may have a dilutive effect on current or prospective shareholders, including the Subscriber. If such future financings are not available, the Corporation may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business venture;
- (ll) this Subscription Agreement and the schedules and exhibits hereto require the Subscriber to provide certain personal information to the Corporation and its legal counsel. Such information is being collected by the Corporation and its legal counsel for the purposes of completing the Offering described herein, which includes, without limitation, determining the Subscriber's eligibility to purchase the Securities under applicable securities legislation, preparing and registering certificates representing the Securities to be issued to the Subscriber and completing filings required by any stock exchange, securities commission, securities regulatory authority or taxation authority. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. The title, business address and business telephone number of the public official responsible in each Province in Canada is attached as Schedule "C" and such person can answer questions about the security regulatory authority's or regulator's indirect collection of personal information. The Subscriber's personal information may be disclosed by the Corporation or its counsel to: (a) stock exchanges, securities commissions or securities regulatory authorities; (b) the Corporation's registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the Offering, including legal counsel. In addition, the Corporation will be providing the following information to the Ontario Securities Commission and other regulatory authorities: (a) the full name, residential address and telephone number of the Subscriber; (b) the number and type of Securities purchased by the Subscriber; (c) the total purchase price for the Securities; (d) the applicable exemption relied upon by the Corporation; and (e) the date of distribution of the Securities (collectively, such information is hereinafter referred to as the "**Information**"). By executing this Subscription Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information and the Information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Subscription Agreement, as well as the Information, as may be required to be filed with any stock exchange, securities commission or securities regulatory authority in connection with the transaction contemplated hereby. For Subscribers resident in or otherwise subject to the laws of British Columbia, certain of the Information may be posted publicly on the British Columbia Securities Commission website, or, in the case of individuals, placed on public file at the British Columbia Securities Commission office. For Subscribers resident in or otherwise subject to any laws of any Province in Canada other than Ontario or British Columbia, certain of the Information may be posted publicly on [www.sedar.com](http://www.sedar.com) and for any questions such Subscriber should contact its applicable securities commission or securities regulatory authority;
- (mm) the Subscriber acknowledges that an investment in the Securities is subject to a number of risk factors, which the Subscriber has investigated, acknowledges and accepts;



- (nn) the Subscriber covenants and agrees to comply with applicable securities legislation in Canada and, if applicable, the securities legislation of each other jurisdiction which is applicable to the Subscriber and any other relevant securities legislation, rules, regulations, orders or policies concerning the purchase, holding of, and resale of the Securities;
  - (oo) the Subscriber understands and acknowledges that the Class A Common Shares are non-voting securities in the capital of the Corporation and that, when voting will be required pursuant to the provisions of the *Business Corporations Act* (Ontario), the Corporation may vote on such holders behalf;
  - (pp) the Subscriber understands and acknowledges that the Class A Common Shares will be subject to transfer restrictions under the laws of its jurisdiction and to resale restrictions under applicable securities legislation in which the Subscriber resides and may not be resold except in reliance upon certain regulatory exemptions from the registration and prospectus requirements of applicable securities laws, and only with the approval of the Corporation. The Subscriber acknowledges that it has been advised to consult its own independent legal advisor with respect to applicable resale restrictions and the Subscriber is solely responsible for complying with such restrictions and the Corporation is not in any manner responsible for ensuring compliance by the Subscriber with the applicable resale restrictions under applicable security legislation and the laws of the jurisdiction in which it resides; and
  - (qq) the Subscriber acknowledges and is aware that the Corporation is not a reporting issuer and accordingly there may not be a market for the Securities and none may develop.
4. **Timeliness of Representations, etc.** The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both on execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Securities and any subsequent disposition by the Subscriber of any such Securities.
5. **Indemnity.** The Subscriber acknowledges that the Corporation and its legal counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility of another on whose behalf the Subscriber is contracting hereunder to subscribe for Securities) to purchase Securities under the Offering, and hereby agrees to indemnify the Corporation and its directors, officers, employees, advisers, affiliates, shareholders and agents (including its respective legal counsel), and each of them, against all losses, claims, costs, expenses, damages or liabilities that they or any of them may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at 155 University Avenue, Suite 1220, Toronto, Ontario, M5H 3B7, at the attention of Steve McDonald, President, of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.
6. **Representations of the Corporation.** The Corporation hereby represents and warrants to the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) and acknowledges that the Subscriber is relying thereon that:
- (a) the Corporation is validly subsisting under the laws of the Province of Ontario and is qualified to carry on business in Ontario and in each other jurisdiction, if any, in respect of which the carrying on of the activities contemplated hereby make such qualification necessary;
  - (b) the Corporation has complied or will comply with all applicable corporate and securities laws applicable to it in connection with the offer, sale and issuance of the Securities to be purchased hereunder;
  - (c) upon acceptance by the Corporation, this Subscription Agreement shall constitute a binding obligation of the Corporation enforceable in accordance with its terms, subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws,

rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally ;

- (d) the execution, delivery and performance of this Subscription Agreement by the Corporation, and the issue of the Securities does not and will not constitute a breach of or default under the constating documents of the Corporation, or any law, regulation, order or ruling applicable to the Corporation, or any agreement to which the Corporation is a party or by which it is bound;
- (e) the Corporation has the full corporate right, power and authority to enter into this Subscription Agreement and to issue the Securities pursuant to the terms of this Subscription Agreement;
- (f) the Corporation maintains an office in the Province of Ontario, Canada;
- (g) the Corporation has not knowingly withheld from the Subscriber any facts relating to the Corporation or to the Offering that would be material to a prospective subscriber of Securities;
- (h) the Corporation has no obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, commissions or other forms of compensation with respect to the Offering, other than as expressly set forth herein;
- (i) as at the date hereof, there is no litigation existing, or to the knowledge of the Corporation, pending or threatened, against the Corporation which would materially adversely affect the operations or financial condition of the Corporation;
- (j) there is no action, proceeding or investigation pending or, to the knowledge of the Corporation, threatened against or affecting the Corporation, at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign, which in any way materially adversely affects the Corporation or the condition (financial or otherwise) of the Corporation;
- (k) upon issuance, the Class A Common Shares shall be validly issued as fully paid and non-assessable shares of the Corporation; and
- (l) the representations and warranties of the Corporation included in this Agreement are true and correct and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained in such representations and warranties not misleading to a prospective subscriber for Class A Shares and all information provided to the Subscriber on or prior to the Closing Date is true, correct and complete in all material respects and does not contain any material misrepresentation.

7. **Issuance of Securities.** Following receipt by the Corporation from the Subscriber of the Aggregate Subscription Price and acceptance of the Subscriber's subscription pursuant hereto, the Corporation will:

- (a) issue to the Subscriber the number of Securities which the Subscriber purchased; and
- (b) deliver or cause to be delivered to the Subscriber a share certificate or ownership statement issued under a direct registration system or other electronic book-entry system (or copy thereof) representing the Class A Common Shares which the Subscriber purchased.

8. **Deliveries by Subscriber prior to Closing.** The Subscriber agrees to deliver to the Corporation or as the Corporation may otherwise direct, not later than 5:00 p.m. (Toronto time) two business days before the Closing Date (or such other time as the Corporation may permit):

- (a) this Subscription Agreement duly completed and executed;
- (b) a certified cheque, bank draft, or electronic wire transfer made payable to "eCapital Bond Corp.", in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in

such other manner as is acceptable to the Corporation;

- (c) in the case of an “accredited investor” resident in or otherwise subject to applicable securities laws of any jurisdiction of Canada, or outside of Canada and the United States, a Representation Letter in the form attached as Schedule “B” hereto, with the applicable Exhibit(s) thereto fully completed; and
- (d) such other documents as may be reasonably requested by the Corporation.

9. **Acceptance or Rejection of Subscription.** The Corporation may, in its absolute discretion, accept or reject the Subscriber’s subscription for Securities as set forth in this Subscription Agreement.

Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon, among other things, the sale of the Securities to the Subscriber being exempt from any prospectus, dealer registration and offering memorandum requirements of applicable securities laws. The Corporation will be deemed to have accepted this Subscription Agreement only upon execution of this Subscription Agreement by the Corporation. The Corporation shall not be required to give notice to the Subscriber in respect of such acceptance for such acceptance to be effective and for the Subscription Agreement to be binding on the parties hereto.

If this Subscription Agreement is rejected, any certified cheque(s), bank draft(s) or wire transfer(s) of funds delivered by the Subscriber on account of the Aggregate Subscription Amount for the Securities subscribed for will be promptly returned to the Subscriber without interest or deduction.

10. **Time and Place of Closing.** The sale of the Securities will be completed at the offices of legal counsel to the Corporation, Dickinson Wright LLP, 199 Bay Street, Suite 2200, Toronto, Ontario, M5L 1G4 at 5:00 p.m. (Toronto time) or such other place or time as the Corporation may determine (the “**Closing Time**”) on such date as the Corporation may determine (the “**Closing Date**”). The Corporation reserves the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing. There is no minimum subscription amount in this Offering.
11. **Deliveries at Closing.** At or promptly following the Closing Time, the Corporation shall deliver to the Subscriber certificates or ownership statements issued under a direct registration system or other electronic book-entry system representing the Securities and such other documentation as may be required under this Subscription Agreement.
12. **Governing Law and Venue.** This Subscription Agreement, any amendment, addendum, annex, exhibit, supplement or other document relating hereto, any dispute arising from or related hereto, and all related rights, duties and remedies shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein governing contracts made and to be performed wholly therein, without reference to its principles governing the choice or conflict of laws, and the parties hereto and their successors in interest irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Ontario, sitting in the City of Toronto, with respect to any dispute arising from or related to this Subscription Agreement.
13. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.
14. **Entire Agreement.** This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein and therein.
15. **Facsimile and Electronic Copies.** The Corporation shall be entitled to rely on delivery of a facsimile or electronic copy of executed subscriptions, and acceptance by the Corporation of such facsimile or electronic subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof, whether or not such acceptance has been communicated to the Subscriber. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the

same document.

16. **Severability.** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
17. **Survival.** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.
18. **Interpretation.** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.
19. **Currency.** In this Subscription Agreement, all references to money amounts are to Canadian dollars unless otherwise indicated.
20. **Amendment.** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.
21. **Assignment.** Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.
22. **Language.** The Subscriber acknowledges that it has consented to and hereby requests that all documents evidencing or relating in any way to the sale of the Securities be drawn up in the English language only. **Le souscripteur reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente des unités soient rédigés en anglais seulement.**

#### PRIVACY NOTICE

This Subscription Agreement and the Schedules and Exhibits hereto require the Subscriber to provide certain personal information (respecting the Subscriber and, if applicable, any beneficial purchaser for whom the Subscriber is contracting) to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Subscriber or, if applicable, any beneficial purchaser for whom the Subscriber is contracting, to purchase the Securities under applicable securities laws, preparing and registering certificates representing the Securities to be issued hereunder and completing any filings which may be required under applicable securities legislation, regulations, rules, policies or orders of any securities regulatory authority.

In addition, such personal information may be used or disclosed by the Corporation for the purpose of administering the Corporation's relationship with the Subscriber or, if applicable, any beneficial purchaser for whom the Subscriber is contracting. For example, such personal information may be used by the Corporation to communicate with the Subscriber or, if applicable, any beneficial purchaser for whom the Subscriber is contracting (such as by providing annual or quarterly reports, sending notices of meetings etc.), to prepare tax filings and forms or to comply with the Corporation's obligations under taxation, securities and other laws (such as maintaining a list of holders of Securities).

In connection with the foregoing, the personal information of the Subscriber or, if applicable, any beneficial purchaser for whom the Subscriber is contracting, may be disclosed by the Corporation to: (i) any stock exchanges or securities regulatory or taxation authorities, (ii) the Corporation's registrar and transfer agent, and (iii) any of the other parties involved in the Offering or the Corporation, including legal counsel, and may be included in record books prepared in respect of the Offering and in the books and records of the Corporation.

By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of any beneficial purchaser for whom it is contracting) hereby consents to the collection, use and disclosure of such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of any beneficial purchaser for whom it is contracting) also consents to the filing of copies or originals of any of the documents provided to the

Corporation or on behalf of the Subscriber with any taxation or securities regulatory authority in relation to the transactions contemplated by this Subscription Agreement or any subsequent transactions or events in respect of the business, operations or other activities of the Corporation.

**SCHEDULE “A”  
TERM SHEET**

- Issuer:** eCapital Bond Corp. (the “**Corporation**” or “**Issuer**”), a private company incorporated under the laws of the Province of Ontario.
- The Offering:** Private placement of up to \$200,000,000 non-voting Class A Common Shares of the Corporation, issuable in series (in USD, CAD, EURO and GBP) (collectively the “**Class A Common Shares**” and each a “**Class A Common Share**”) (the “**Securities**”). The Securities are non-voting, where voting is required by the *Business Corporations Act* (Ontario), the Issuer may vote on such holders’ behalf.
- Dividends:** The subscriber of Class A Common Shares is entitled to receive for each Class A Common Share acquired, dividends as and if declared by the board of directors of the Corporation, subject to priority obligations of the Corporation. Dividends will be funded solely from proceeds received by the Issuer pursuant to the secured subordinated loans advanced by the Issuer to eCapital Group, Corp. (“**eCapital Group**”) or eCapital Trust Corp. from time to time and evidenced by the secured promissory note issued by eCapital Group to the Issuer or by the secured promissory note issued by eCapital Trust Corp. to the Issuer, as applicable (collectively, the “**Secured Subordinated Loans**”). The Issuer expects to declare a monthly dividend on each Class A Common Share in the amount of 1% of the subscription price (12% annualized), payable on the 15th day of the calendar month next following the month in which it is declared. The source of cash to pay such dividends is expected to be the annual interest to be paid to the Issuer on the Secured Subordinated Loans. Such dividends can be paid only if, as and when declared by the board of directors of the Issuer, in its discretion. Accordingly, the monthly dividend, if declared, may be more or less than 1%.
- Purchase by eCapital Group at the Subscriber’s request.** A subscriber may request that eCapital Group purchase all or a portion of such subscriber’s Class A Common Shares (subject to 6 months’ advance written notice), so long as said request results in a purchase on a date subsequent to the third anniversary of the subscription for such Class A Common Shares. eCapital Group may honor such request, in its sole discretion. Repurchases shall be limited in the aggregate to five percent (5%) of the then total outstanding Class A Common Shares per calendar quarter and twenty percent (20%) of the then total outstanding Class A Common Shares per calendar year as determined at the time of the proposed purchase and excluding any shares held by affiliated companies. Where requested and accepted, purchases of Shares will be effected pro rata with all other accepted requests for any particular quarter and dividends, if declared, shall be payable and paid to the subscriber on any unpurchased Class A Common Shares.
- Sale Event Redemption by Corporation or Purchase by eCapital Group:** On the occurrence of certain sale events involving the Corporation, eCapital Group and or affiliates thereof affecting the business and affairs of such entities, a subscriber may require the Corporation to redeem such subscriber’s Class A Common Shares, and upon such subscriber’s delivery to the Corporation of a notice requiring such redemption eCapital Group shall have the concurrent right to purchase such subscriber’s Class A Common Shares as an alternative to redemption by the Corporation. In the case of any such redemption or purchase, the price per Class A Common Share shall be the then fair market value of such Class A Common Share which shall be: (i) one hundred and six percent (106%) of the subscription price per Class A Common Share if the applicable sale event occurs prior to the first (1st) anniversary of such subscriber’s respective Closing Date under this Offering, or (ii) one hundred and three percent (103%) of the subscription price per Class A Common Share if such event occurs on or after the first (1st) anniversary of such subscriber’s Closing Date under this Offering, plus declared and unpaid dividends thereon in either case.

<b>Redemption by the Corporation or Purchase by eCapital Group at their option:</b>	Where eCapital Group proposes to purchase or the Corporation proposes to redeem in whole or in part the Class A Common Shares, it may either (a) solicit sellers directly based on the yield paid to such holders, the size of their holdings, or the tenor of their holdings; (b) propose a redemption or purchase <i>pro-rata</i> and <i>pari-passu</i> across all holders of Class A Common Shares; or (c) a combination of (a) and (b). In either case the consideration paid for such Class A Common Shares shall be the fair market value of such Shares, which shall be determined to be: (i) prior to the first (1st) anniversary of a subscriber's respective Closing Date under this Offering, by payment of one hundred and six percent (106%) of the subscription price per Class A Common Share, plus declared and unpaid dividends thereon; (ii) following the first (1st) anniversary of a subscriber's respective Closing Date under this Offering, by payment of one hundred and three percent (103%) of the subscription price per Class A Common Share, plus declared and unpaid dividends thereon in either case.
<b>Purchase for Cancellation by the Corporation or Purchase by eCapital Group by Tender:</b>	eCapital Group may purchase, and the Corporation may purchase for cancellation, the Class A Common Shares in part or in full at any time by tender (invitation to tender sent to all Shareholders) or private contract (negotiated with individual Shareholders). The purchase amount in these cases cannot be greater than the amount which would be payable to each Shareholder in the event of a purchase of such Shares on the occurrence of a sale event or redemption.
<b>Jurisdictions of Sale:</b>	Provinces of British Columbia, Alberta, Québec and Ontario, and other jurisdictions in which prospectus exempt offering are permissible in accordance with all relevant securities laws.
<b>Closing Date:</b>	Closings will take place periodically, at the Issuer's discretion (each a " <b>Closing Date</b> ").
<b>Use of Proceeds:</b>	The net proceeds of the Offering will be used to fund secured subordinated loans to eCapital Group Corp., eCapital Trust Corp., or affiliates thereof and used by the group companies for operating expenses, acquisitions and other legitimate business matters at the sole discretion of the group companies.
<b>Resale Restrictions:</b>	The Securities are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Securities unless you are eligible to rely on and comply with an exemption from the prospectus requirements under securities legislation.
<b>Qualified Investor:</b>	This Offering is being made pursuant to certain exemptions from the prospectus requirements of applicable securities legislation, including but not limited to "accredited investor" and "minimum amount investment", contained in National Instrument 45-106 – <i>Prospectus Exemptions</i> (" <b>NI 45-106</b> ") and other securities laws applicable in those provinces where the Offering will be made.
<b>Selling Agents:</b>	The Corporation may use agents in the sale of the Securities. Agents, if used, shall receive a commission of 1% per annum (paid up front) of the gross aggregate principal amount of the Securities for the duration of the investment on terms to be agreed or amended between the Corporation and agent from time to time.
<b>Cancellation:</b>	The subscriber can cancel their agreement to purchase the Class A Common Shares. To do so, the subscriber must send a written notice, as provided for within the associated subscription agreement, to the Corporation before midnight on the second business day after the subscriber signs the subscription agreement in respect of the Class A Common Shares.

**SCHEDULE "B"**

---

**REPRESENTATION LETTER**

**TO BE COMPLETED BY ACCREDITED INVESTORS**

**(for residents of any province or territory of Canada)**

**TO: ECAPITAL BOND CORP. (the "Corporation")**

In connection with the purchase of Securities of the Corporation by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned subscriber is purchasing as agent (the "**Subscriber**", for the purposes of this Schedule "B"), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is resident in or is otherwise subject to applicable securities laws of the province or jurisdiction set forth as the "Subscriber's Address" below its signature on the face page of this Subscription Agreement;
2. The Subscriber is purchasing the Securities as principal for its own account;
3. The Subscriber is an "accredited investor" within the meaning of (i) National Instrument 45-106 entitled "*Prospectus Exemptions*", (ii) section 73.3(1) of the *Securities Act* (Ontario) and the regulations promulgated thereunder, or (iii) Quebec Regulation 45-106 entitled "*Respecting Prospectus Exemptions*", as applicable, on the basis that the undersigned fits within at least one of the categories of an "accredited investor" summarized in Exhibit 1 to this Representation Letter beside which the undersigned has marked initials or otherwise identified;
4. Upon execution of this Schedule "B" by the Subscriber, this Schedule "B" shall be incorporated into and form a part of the Subscription Agreement and all capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Subscription Agreement or applicable securities law, regulation and national instruments; and
5. The Subscriber is not a corporation or other entity that was created or used solely to hold or purchase securities as an "accredited investor" as described in paragraph (m) of Exhibit 1 hereto.

The foregoing representations and warranties are true and accurate as of the date of this Representation Letter and will be true and accurate as of Closing Date. If any such representations and warranties shall not be true and accurate prior to Closing Date, the Subscriber shall give immediate written notice of such fact to the Corporation.

Dated: \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Print name of Subscriber

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name of Signatory (if different from Subscriber)

\_\_\_\_\_



**EXHIBIT 1 TO  
SCHEDULE "B"**

**PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY TO WHICH YOU BELONG**

*Accredited Investor* (defined (i) in the Province of Ontario, in section 73.3(1) of the Securities Act (Ontario) and regulations promulgated thereunder, (ii) in the Province of Quebec, in Quebec Regulation 45-106, and (iii) in other provinces and territories of Canada, in section 1.1 of National Instrument 45-106, as applicable) means:

- \_\_\_ (a) a Canadian financial institution; or
  - \_\_\_ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
  - \_\_\_ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or
  - \_\_\_ (d) a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer, except, in Ontario, as otherwise prescribed by regulation; or
  - \_\_\_ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or
  - \_\_\_ (e.1) an individual formerly registered under the securities legislation of a province, territory or other permissible jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or
  - \_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any Crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or
  - \_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or
  - \_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
  - \_\_\_ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or
  - \_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000; or
- (Note: if an individual qualifies as an accredited investor under this category (j), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Exhibit 2)*
- \_\_\_ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$5,000,000; or

- \_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

***(Note: if an individual qualifies as an accredited investor under this category (k), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Exhibit 2)***

***(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (t) below, which must be initialled)***

- \_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

***(Note: if an individual qualifies as an accredited investor under this category (l), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Exhibit 2)***

- \_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or

- \_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to

- (i) a person that is or was an accredited investor at the time of the distribution, or
- (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or
- (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or

- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

- \_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

- \_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, or

- \_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

- \_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

- \_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors; or

***(Note: if you are purchasing as an individual accredited investor, paragraph (k) above must be initialled rather than paragraph (t))***

- \_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

- \_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

- \_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

**PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY IN THE LIST ABOVE  
TO WHICH YOU BELONG**

**Interpretative Aids**

The following definitions relate to certain of the categories of Accredited Investor set forth above:

- (a) "affiliate" means an issuer connected with another issuer because
- (i) one of them is the subsidiary of the other;
  - (ii) each of them is controlled by the same person; or
  - (iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;
- (b) "bank" means a bank named in Schedule I or II of the *Bank Act* (Canada) or an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) "Canadian financial institution" means:
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (d) "Canadian securities regulatory authorities" means the securities commissions and similar regulatory authorities of each of the provinces or territories of Canada;
- (e) "eligibility adviser" means:
- (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed; and
  - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
    - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons; and
    - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;
- (f) "financial assets" means:
- (i) cash;
  - (ii) securities; or

- (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (g) “foreign jurisdiction” means a country other than Canada or a political subdivision of a country other than Canada;
- (h) “fully managed account” means an account for which a person or company makes the investment decisions if that person or company has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;
- (i) “investment fund” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (j) “jurisdiction” means a province or territory of Canada, except when used in the term “foreign jurisdiction”;
- (k) “local jurisdiction” means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (l) “Non-redeemable investment fund” has the same meaning as in National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- (m) “person” includes:
  - (i) an individual,
  - (ii) a corporation,
  - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
  - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;
- (n) “related liabilities” means
  - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
  - (ii) liabilities that are secured by financial assets;
- (o) “securities legislation” means, for the local jurisdiction, the statute and other instruments issued by the securities regulator authority of the local jurisdiction;
- (p) “securities regulatory authorities” means the securities commissions and similar regulatory authorities of each of the provinces or territories of Canada;
- (q) “spouse” means an individual who,
  - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
  - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
  - (iii) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and
- (r) “subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian dollars.

**EXHIBIT 2 TO SCHEDULE “B”**

**FORM 45-106F9**

**RISK ACKNOWLEDGEMENT FORM FOR INDIVIDUAL ACCREDITED INVESTORS**

**WARNING!**  
 This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>1. About your investment</b>	
Type of securities: <i>[Instruction: Include a short description, e.g., common shares]</i>  <b>Class A Common Shares</b>	Issuer:  <b>ECAPITAL BOND CORP.</b>
Purchased from: <i>[Instruction: Indicate whether securities are purchased from the issuer or a selling security holder.]</i>  <b>ECAPITAL BOND CORP.</b>	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of [\$/[€]/[£] _____ [USD]/[CAD]/[EUR]/[GBP] CAD (circle one). <i>[Instruction: Insert the total amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the sales person is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the sales person identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	

<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The sales person is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
For investment in a non-investment fund	
<i>[Insert name of issuer/selling security holder]</i>	ECAPITAL BOND CORP.
<i>[Insert address of issuer/selling security holder]</i>	155 University Avenue, Suite 1220, Toronto, ON M5H 3B7
<i>[Insert contact person name, if applicable]</i>	Steve McDonald, President
<i>[Insert telephone number]</i>	416-240-8310
<i>[Insert email address]</i>	Steve.McDonald@ecapital.com
<i>[Insert website address, if applicable]</i>	
For investment in an investment fund	
<i>[Insert name of investment fund]</i>	
<i>[Insert name of investment fund manager]</i>	
<i>[Insert address of investment fund manager]</i>	
<i>[Insert telephone number of investment fund manager]</i>	
<i>[Insert email address of investment fund manager]</i>	
<i>[If investment is purchased from a selling security holder, also insert the name, address, telephone number and email address of selling security holder here]</i>	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	

**Form instructions:**

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

**SCHEDULE “C”**

**REGULATORS**

<b>Alberta</b>	Alberta Securities Commission Suite 600, 250 – 5th Street SW Calgary, Alberta T2P 0R4 Telephone: (403) 297-6454 Toll free in Canada: 1-877-355-0585 Facsimile: (403) 297-2082	<b>Northwest Territories</b>	Government of the Northwest Territories Office of the Superintendent of Securities P.O. Box 1320 Yellowknife, Northwest Territories X1A 2L9 Attention: Deputy Superintendent, Legal & Enforcement Telephone: (867) 920-8984 Facsimile: (867) 873-0243
<b>British Columbia</b>	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Inquiries: (604) 899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: (604) 899-6581 Email: inquiries@bcsc.bc.ca	<b>Nova Scotia</b>	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Duke Tower P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-7768 Facsimile: (902) 424-4625
<b>Manitoba</b>	The Manitoba Securities Commission 500 – 400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 Toll free in Manitoba: 1-800-655-5244 Facsimile: (204) 945-0330	<b>Nunavut</b>	Government of Nunavut Department of Justice Legal Registries Division P.O. Box 1000, Station 570, 1 <sup>st</sup> Floor Brown Building Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590 Facsimile: (867) 975-6594
<b>New Brunswick</b>	Financial and Consumer Services Commission (New Brunswick) 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060 Toll free in Canada: 1-866-933-2222 Facsimile: (506) 658-3059 Email: info@fcnbc.ca	<b>Ontario</b>	Ontario Securities Commission 20 Queen Street West, 22nd Floor Toronto, Ontario M5H 3S8 Telephone: (416) 593- 8314 Toll free in Canada: 1-877-785-1555 Facsimile: (416) 593-8122 Email: exemptmarketfilings@osc.gov.on.ca Public official contact regarding indirect collection of information: Inquiries Officer
<b>Newfoundland and Labrador</b>	Government of Newfoundland and Labrador Financial Services Regulation Division P.O. Box 8700 Confederation Building, 2 <sup>nd</sup> Floor West Block, Prince Philip Drive St. John's, Newfoundland and Labrador A1B 4J6 Attention: Director of Securities Telephone: (709) 729-4189 Facsimile: (709) 729-6187	<b>Prince Edward Island</b>	Prince Edward Island Securities Office 95 Rochford Street, 4 <sup>th</sup> Floor Shaw Building, P.O. Box 2000 Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4569 Facsimile: (902) 368-5283

<b>Saskatchewan</b>	Financial and Consumer Affairs Authority of Saskatchewan Suite 601 - 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5879 Facsimile: (306) 787-5899	<b>Québec</b>	Autorité des marchés financiers 800, Square Victoria, 22e étage, C.P. 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: (514) 395-0337 or 1-877-525-0337 Facsimile: (514) 873-6155 (For filing purposes only) Facsimile: (514) 864-6381 (For privacy requests only) Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers); fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)
<b>Yukon</b>	Government of Yukon Department of Community Services Law Centre, 3rd Floor 2130 Second Avenue Whitehorse, Yukon Y1A 5H6 Telephone: (867) 667-5314 Facsimile: (867) 393-6251		



**PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT – CANADIAN SUBSCRIBERS**

**TO: ECAPITAL BOND CORP.**

The undersigned (the “**Subscriber**”) irrevocably subscribes for and agrees to purchase the Debenture (as defined herein) of **eCapital Bond Corp.** (the “**Corporation**”) in the principal amount indicated below (the “**Subscription Price**”) upon and subject to the terms and conditions set forth in “Terms and Conditions of Subscription” attached hereto and forming part of this subscription agreement (the “**Agreement**”).

**Subscriber Signature**

\_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_

(Name of Subscriber - please print)

\_\_\_\_\_

(Official Capacity or Title - please print name of individual whose signature appears above if different than the name of the Subscriber.)

**Subscriber Information**

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Subscriber’s Address)

\_\_\_\_\_

(Telephone Number)

\_\_\_\_\_

(Email Address)

**By executing this Subscription, you are consenting (on your behalf and, if applicable, on behalf of the beneficial purchaser for whom you are contracting, if any), to the collection, use and disclosure of personal information in the manner described in this Agreement.**

Total Principal Amount Of Debenture Subscribed For:

8.00% Three Year Term Secured Debentures (“**8.00% Secured Debentures**”)  
Principal Amount: \$ \_\_\_\_\_

Five Year Term Secured Debentures (“**Series 2 Debentures**”)  
Principal Amount: \$ \_\_\_\_\_

**Beneficial Subscriber Information**

**If the Subscriber is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, complete the following and ensure Schedule B and Appendix A and, if applicable, Appendix B thereto is completed on behalf of such principal:**

\_\_\_\_\_

(Name of Principal)

\_\_\_\_\_

(Principal’s address)

\_\_\_\_\_

(Telephone Number)

\_\_\_\_\_

(Fax Number)

\_\_\_\_\_

(Email Address)

**Register the Debenture as set forth below:**

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Account reference, if applicable)

\_\_\_\_\_

\_\_\_\_\_

(Address)

**Deliver the Debenture as set forth below:**

Same as Registered Address (otherwise complete below)

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Account reference, if applicable)

\_\_\_\_\_

(Contact Name)

\_\_\_\_\_

(Address)

\_\_\_\_\_

**TO BE COMPLETED BY THE CORPORATION ONLY**

The Corporation accepts the above subscription on the terms and conditions contained in this Agreement and the Corporation represents and warrants to the Subscriber that the representation and warranties made herein by the Corporation are true and correct in all material respects as of the Closing Date (as defined herein) (save and except as otherwise indicated herein) and that the Subscriber is entitled to rely hereon.

Date: \_\_\_\_\_

**ECAPITAL BOND CORP.**

By: \_\_\_\_\_

Authorized Signing Officer

\_\_\_\_\_  
Official Capacity or Title

## Terms and Conditions of Subscription

### Section 1 Terms of the Offering

- (1) Depending upon the choice of debenture that the Subscriber makes, each debenture (collectively, a “**Debenture**”) will mature on the date which is either three (3) or five (5) years from the Closing Date (the “**Maturity Date**”) and will bear interest at the rate of eight percent (8.00%) per annum or either (i) LIBOR plus 500 bps per annum or (ii) at the option of the Corporation upon providing the Debentureholder with 15 days prior written notice, six point five percent (6.5%) per annum, respectively. The specific terms of the Debenture are set forth in the term sheet attached hereto as Schedule A (the “**Term Sheet**”).
- (2) The purchased Debenture forms are part of a larger offering (the “**Offering**”) of debentures by the Corporation up to an aggregate principal amount of \$500,000,000.
- (3) The Debentures are being offered by the Corporation in Ontario, British Columbia, Alberta, Quebec and in other Canadian jurisdictions and jurisdictions other than Canada as may be determined by the Corporation.
- (4) The proceeds from the Offering will be delivered to the Corporation on the Closing Date.
- (5) As used in this Subscription Agreement:

“**Accredited Investor**” has the meaning ascribed thereto (i) in the Province of Ontario under section 73.3(1) of the *Securities Act* (Ontario) and regulations promulgated thereunder, including in section 1.1 of NI 45-106, as applicable (ii) in the Province of Quebec under Quebec Regulation 45-106, or (iii) in other provinces and territories of Canada, in section 1.1 of NI 45-106, as applicable;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Closing Date**” means, for each Debenture, the date on which such Debenture is issued by the Corporation;

“**Depository**” means, with respect to the Debentures of any series issuable or issued in the form of one or more Global Debentures, the person designated as depository by the Corporation, the Depository shall initially be CDS;

“**Global Debenture**” means a Debenture that is issued to and registered in the name of the Depository, or its nominee, for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository’s book-entry only registration system;

“**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions* as such instrument is in effect (if applicable) at Closing (as hereinafter defined) in the province of Canada in which the Subscriber resides;

“**Offering Memorandum**” means the offering memorandum dated May 9, 2023, as it may be amended from time to time; and

“**Quebec Regulation 45-106**” means Regulation 45-106 - *Respecting Prospectus Exemptions* as such instrument is in effect (if applicable) at Closing (as hereinafter defined) in the Province of Quebec.

## **Section 2 Closing**

The completion of the offer, sale and issuance of the Debentures as contemplated by this Agreement (the “**Closing**”) will occur on the Closing Date subject to satisfaction or waiver by the relevant party of the conditions of closing.

This subscription is subject to acceptance by the Corporation, as described below.

If, prior to the Closing Date, the terms and conditions contained in this Agreement have been complied with, payment of the aggregate Subscription Price for all of the Debentures sold pursuant to the Offering will be released to the Corporation against delivery by the Corporation of the Debentures and such other documentation as may be required pursuant to this Agreement.

Closings shall take place on the 15<sup>th</sup> of each respective month and if such day is not a business day in the Province of Ontario then the next business day following, or such other date as determined by the Corporation.

## **Section 3 Conditions of Closing**

The Subscriber, on its own behalf and on behalf of any disclosed principal for whom the Subscriber is contracting under this Agreement (a “**Disclosed Beneficial Subscriber**”), acknowledges that the offer, sale and issuance of the Debenture as contemplated by this Agreement is subject to, among other things, the following conditions being fulfilled or performed on or before the Closing Date, which conditions are for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation in its sole discretion:

- (a) the Subscriber delivering to:

**eCapital Bond Corp.**  
155 University Avenue, Suite 1220  
Toronto, ON M5H 3B7

Attention: Steve McDonald  
Phone: 416-240-8310  
Fax: 1-866-479-0458

not later than 3:00 p.m. on the day that is two business days before the Closing Date or as otherwise agreed to by the Corporation:

- (i) one fully completed and duly executed copy of this Agreement, including the Schedules, and all other documentation contemplated by this Agreement; and
- (ii) a certified cheque, bank draft or evidence of completed wire transfer, representing the aggregate Subscription Price payable for the Debenture subscribed for by the Subscriber;
- (b) the Corporation accepting the Subscriber’s subscription, in whole or in part;
- (c) the offer, sale and issuance of the Debentures being exempt from the prospectus and registration requirements of Applicable Securities Laws. As used in this Agreement, “**Applicable Securities Laws**” means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Debentures will be offered, sold and issued;
- (d) the Subscriber executing and delivering to the Corporation all reports, undertakings or other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Debenture to the Subscriber;

- (e) the Corporation obtaining all orders, permits, approvals, waivers, consents, licenses or similar authorizations of Regulators necessary to complete the offer, sale and issuance of the Debentures. As used in this Agreement, “**Regulator**” means: (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality; (ii) any quasi-governmental, self-regulatory or private body exercising any regulatory authority; and (iii) any stock exchange;
- (f) the representations and warranties of the Subscriber having been true and correct as of the date of this Agreement and being true and correct at on the Closing Date; and
- (g) all documentation relating to the offer, sale and issuance of the Debentures being in form and substance satisfactory to the Corporation.

#### **Section 4 Acknowledgments of the Subscriber**

The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, acknowledges that:

- (a) **AN INVESTMENT IN THE DEBENTURES IS NOT WITHOUT RISK AND THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**
- (b) the Corporation may complete additional financings in the future in order to develop the business of the Corporation and fund its ongoing development, and there is no assurance that such financing will be available, on reasonable terms or at all, and if not available, the Corporation may be unable to fund its ongoing development;
- (c) the Corporation has the right to accept or reject the Subscriber’s subscription in whole or in part. If the subscription is rejected in whole or in part all or a portion of the total Subscription Price, as the case may be, will be promptly delivered to the Subscriber, without interest;
- (d) the Offering is being conducted pursuant to the exemption from the prospectus requirements afforded, in the Province of Ontario pursuant to the exemption from the prospectus requirements afforded by Section 73.3(2) of the *Securities Act* (Ontario) and regulations promulgated thereunder, in the Province of Quebec pursuant to the exemption from the prospectus requirements afforded by Section 2.3 of Quebec Regulation 45-106, and in other provinces and territories of Canada, by Section 2.3 of NI 45-106;
- (e) the offer, sale and issuance of the Debenture is exempt from the prospectus requirements of Applicable Securities Laws and, as a result: (i) the Subscriber may not receive information that would otherwise be required under Applicable Securities Laws or be contained in a prospectus prepared in accordance with Applicable Securities Laws, (ii) the Subscriber is restricted from using most of the protections, rights and remedies available under Applicable Securities Laws, including statutory rights of rescission or damages, and (iii) the Corporation is relieved from certain obligations that would otherwise apply under Applicable Securities Laws;
- (f) no prospectus has been filed with any Regulator in connection with the Offering and no Regulator has made any finding or determination as to the merit for investment in, or made any recommendation or endorsement with respect to, the Debentures;
- (g) the Debentures have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or any state securities laws and the Debentures may not be offered or sold in the United States or to a U.S. person except in compliance with the requirements of an exemption from registration under the U.S. Securities Act and any applicable state securities laws;

- (h) this Agreement and the schedules and appendices hereto require the Subscriber to provide certain personal information to the Corporation and its legal counsel. Such information is being collected by the Corporation and its legal counsel for the purposes of completing the Offering described herein, which includes, without limitation, determining the Subscriber's eligibility to purchase the Debenture under Applicable Securities Laws, preparing and registering certificates representing the Debentures to be issued to the Subscriber and completing filings required by any Regulator. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. The title, business address and business telephone number of the public official responsible in each Province in Canada is attached as Schedule E and such person can answer questions about the security regulatory authority's or Regulator's indirect collection of personal information. The Subscriber's personal information may be disclosed by the Corporation or its counsel to: (a) securities commissions, securities regulatory authorities, or any other Regulators; (b) the Corporation's registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the Offering, including legal counsel. In addition, the Corporation will be providing the following information to the Ontario Securities Commission and other regulatory authorities: (a) the full name, residential address and telephone number of the Subscriber; (b) the number and type of Securities purchased by the Subscriber; (c) the total purchase price for the Securities; (d) the applicable exemption relied upon by the Corporation; and (e) the date of distribution of the Securities (collectively, such information is hereinafter referred to as the "**Information**"). By executing this Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber's personal information and the Information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in this Agreement, as well as the Information, as may be required to be filed with any securities commission or securities regulatory authority in connection with the transaction contemplated hereby. For Subscribers resident in or otherwise subject to the laws of British Columbia, certain of the Information may be posted publicly on the British Columbia Securities Commission website, or, in the case of individuals, placed on public file at the British Columbia Securities Commission office. For Subscribers resident in or otherwise subject to any laws of any Province in Canada other than Ontario or British Columbia, certain of the Information may be posted publicly on [www.sedar.com](http://www.sedar.com) and for any questions such Subscriber should contact its applicable securities commission or securities regulatory authority;
- (i) the Subscriber acknowledges and agrees that some of this Information may be transferred to servicers outside of Canada for data processing and/or storage;
- (j) the Debenture will not be transferred without the prior consent of the Corporation;
- (k) the Debentures are being offered on a "private placement" basis and will be subject to resale restrictions under Applicable Securities Laws and the Corporation may make a notation on its records or give instructions to any transfer agent of the Debentures in order to implement such resale restrictions;
- (l) at the Corporation's sole discretion, the Debentures may be evidenced by a certificate or ownership statements issued under a direct registration system or other electronic book-entry system;
- (m) the Debentures (and any replacement certificate issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-entry system, will bear a legend in the following form in accordance with Applicable Securities Laws: "**UNLESS PERMITTED UNDER SECURITIES**

**LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE OF ISSUANCE, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY”;**

- (n) in addition to bearing a legend substantially in the form provided in Section 4(m), a Global Debenture shall bear a legend substantially to the following effect:

**“THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE DATED AS OF THE [DATE OF ISSUANCE] BETWEEN ECAPITAL BOND CORP. (“ECAPITAL”) AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE “INDENTURE”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.**

**UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO ECAPITAL (THE “ISSUER”), ITS SUCCESSOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”**

- (o) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Debentures;
- (p) all costs and expenses incurred by the Subscriber (including any fees and disbursements of legal counsel retained by the Subscriber) relating to the purchase of the Debenture shall be borne solely by the Subscriber;
- (q) there is no government or other insurance covering the Debenture;
- (r) there are risks associated with the purchase of the Debenture;
- (s) there are restrictions on the Subscriber’s ability to resell the Debenture and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Debenture; and
- (t) except for the Subscriber’s knowledge regarding its subscription for the Debenture hereunder, the Subscriber has no knowledge of a “material fact” or a “material change” (as those terms are

defined in the *Securities Act* (Ontario)) in the affairs of the Corporation that has not been generally disclosed.

## **Section 5 Representations and Warranties of the Subscriber**

The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, represents and warrants as follows to the Corporation at the date of this Agreement and on the Closing Date and acknowledges and confirms that the Corporation is relying on such representations and warranties in connection with the offer, sale and issuance of the Debentures to the Subscriber:

- (a) **THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) HAS KNOWLEDGE IN FINANCIAL AND BUSINESS AFFAIRS, IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE DEBENTURE, AND IS ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT EVEN IF THE ENTIRE INVESTMENT IS LOST;**
- (b) the Subscriber has been provided with the Offering Memorandum, but has not been provided with a prospectus or any other document in connection with its subscription for Debentures and the decision to subscribe for Debentures and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Corporation or any employee or agent of the Corporation and has been based entirely upon this Agreement (including the term sheet attached as Schedule A) and the Offering Memorandum;
- (c) the distribution of the Debenture has not been made through, or as a result of, and is not being accompanied by, (i) a general solicitation, (ii) any advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (d) the Subscriber (and any Disclosed Beneficial Subscriber) is eligible to purchase the Debenture pursuant to an exemption from the prospectus and registration requirements of Applicable Securities Laws. The Subscriber has completed and delivered to the Corporation the applicable certificate in Schedule B, evidencing the Subscriber's (and any Disclosed Beneficial Subscriber's) status under Applicable Securities Laws and confirms the truth and accuracy of all statements made in such certificate as of the date of this Agreement and as of the Closing Date;
- (e) the Subscriber (and any Disclosed Beneficial Subscriber) was offered the Debentures in, and is resident in, the jurisdiction set out as the "Subscriber's Address" on the first page of this Agreement and intends the Applicable Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Debentures to the Subscriber;
- (f) the Subscriber (and any Disclosed Beneficial Subscriber) is not a **"U.S. Person"** (as that term is defined in Regulation S promulgated under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States) and is not acquiring the Debentures for the account of or benefit of a U.S. Person or a person in the United States;
- (g) the Subscriber (and any Disclosed Beneficial Subscriber) has been independently advised as to and is aware of the resale restrictions under Applicable Securities Laws with respect to the Debenture;
- (h) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any



opinion with respect to the merits of investing in the Debentures and that there is no government or other insurance covering the Debentures;

- (i) except as otherwise disclosed in this Agreement, the Subscriber (and any Disclosed Beneficial Subscriber) is at arm's-length with the Corporation;
- (j) except as specifically provided for herein, there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee and if any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Debenture, the Subscriber covenants to indemnify and hold harmless the Corporation with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (k) Westcourt Capital Corporation shall act as exclusive sales agent for the Corporation for the 8% Secured Debentures and shall receive a commission representing 2.55% of the gross aggregate principal amount of the 8% Secured Debentures. The agent or agents involved in the sale of the Series 2 Debentures shall receive a commission of up to 2% of the gross aggregate principal amount of the Series 2 Debentures sold pursuant to the Offering;
- (l) the Subscriber (and any Disclosed Beneficial Subscriber) has not received, nor does it expect to receive any financial assistance from the Corporation, directly or indirectly, in respect of the Subscriber's purchase of Debentures;
- (m) none of the funds being used to purchase the Debenture are to the Subscriber's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Debenture which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") or similar legislation of any other jurisdiction and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA or similar legislation of any other jurisdiction. To the best of knowledge of the Subscriber: (a) none of the funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (b) the Subscriber shall promptly notify the Corporation if the Subscriber discovers that any of such representations cease to be true, and to provide the Corporation with appropriate information in connection therewith;
- (n) no person has made any oral or written representations to the Subscriber: (i) that any person will resell or repurchase the Debenture; (ii) that any person will refund the purchase price of the Debenture; or (iii) as to the future value or price of the Debenture or the shares of the Corporation;
- (o) the Subscriber is purchasing the Debenture for investment only and not with a view for resale or distribution of all or any part of the Debenture;
- (p) if the Subscriber is an individual, he or she is of legal age and is legally competent to execute, deliver and perform his or her obligations under this Agreement. If the Subscriber is not an individual, (i) it has the legal capacity and competence to execute, deliver and perform its obligations under this Agreement; and (ii) the execution and delivery of and performance by the Subscriber of this Agreement have been authorized by all necessary corporate or other action on the part of the Subscriber;

- (q) if the Subscriber is subscribing as principal, this Agreement has been duly executed and delivered by the Subscriber, and constitutes a legal, valid and binding agreement of the Subscriber enforceable against him, her or it in accordance with its terms;
- (r) if the Subscriber is acting for a Disclosed Beneficial Subscriber, the Subscriber is duly authorized to execute and deliver this Agreement and all other documentation in connection with the subscription on behalf of the Disclosed Beneficial Subscriber. This Agreement has been duly authorized, executed and delivered by or on behalf of such Disclosed Beneficial Subscriber and constitutes a legal, valid and binding agreement of such Disclosed Beneficial Subscriber enforceable against him, her or it in accordance with its terms;
- (s) the execution and delivery of and performance by the Subscriber (and any Disclosed Beneficial Subscriber) of this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event of condition) result in a breach or violation of or a conflict with, or allow any other person to exercise any rights under any of the terms or provisions of the Subscriber's (and any such Disclosed Beneficial Subscriber's) constituting documents or by-laws, if applicable, or any other contract, agreement, instrument, undertaking or covenant to which the Subscriber (and any Disclosed Beneficial Subscriber) is a party or by which it is bound; and
- (t) the Subscriber (and any Disclosed Beneficial Subscriber) has obtained such legal and tax advice as it considers appropriate in connection with the offer, sale and issuance of the Debenture and the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement. The Subscriber (and the Disclosed Beneficial Subscriber) is not relying on the Corporation or its affiliates or counsel in this regard.

#### **Section 6 Covenants of the Subscriber**

- (1) The Subscriber (and any Disclosed Beneficial Subscriber) will comply with Applicable Securities Laws concerning the subscription, purchase, holding and resale of the Debenture and will consult with its legal advisers with respect to complying with resale restrictions under Applicable Securities Laws with respect to the Debenture.
- (2) The Subscriber (and any Disclosed Beneficial Subscriber) will execute, deliver, file and otherwise assist the Corporation in filing any reports, undertakings and other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Debentures.

#### **Section 7 Representations and Warranties of the Corporation**

The Corporation covenants, represents and warrants to the Subscriber and acknowledges that the Subscriber (and any Disclosed Beneficial Subscriber) is entering into this agreement and subscribing for the Debenture in reliance upon such representations and warranties, as follows:

- (a) the Corporation was incorporated under the laws of the Province of Ontario on December 8, 2014 and is validly subsisting under the laws of Ontario;
- (b) the Corporation has the corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement; the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Corporation;
- (c) this Agreement constitutes a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of

creditors and others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;

- (d) the Corporation is duly qualified to carry on business in each jurisdiction in which the nature of the business or the property owned or leased by it makes such qualification necessary and possesses all necessary permits and licenses to carry on its business as presently being conducted;
- (e) the entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents or by-laws of the Corporation or any applicable order of any court, arbitrator or government authority having jurisdiction over the Corporation or of any indenture or other agreement, written or oral, to which the Corporation is a party or by which it is or may become bound or, to the best of the knowledge and belief of the Corporation after due inquiry, of any law or regulation;
- (f) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or adversely affecting the Corporation or any of its assets at law or in equity or before or by any federal, provincial, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, whether or not insured, and which might involve the possibility of any judgment or liability against the Corporation; and
- (g) the representations and warranties of the Corporation included in this Agreement are true and correct and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained in such representations and warranties not misleading to a prospective purchaser of the Debenture and all information provided to the Subscriber on or prior to the Closing Date is true, correct and complete in all material respects and does not contain any material misrepresentation.

## **Section 8 Indemnity**

- (1) The Subscriber agrees to indemnify and hold harmless the Corporation and its directors, officers, employees, agents, advisers and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Corporation in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation in connection herewith.
- (2) The Corporation agrees to indemnify and hold harmless the Subscriber and its directors, officers, employees, agents, advisers and shareholders, as applicable, from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Corporation contained herein or in any document furnished by the Corporation to the Subscriber in connection herewith being untrue in any material respect or any breach or failure by the Corporation to comply with any covenant or agreement made by the Corporation herein or in any document furnished by the Corporation to the Subscriber in connection herewith.

## **Section 9 Survival**

The representations, warranties, acknowledgements and covenants contained in this Agreement and any certificate or document delivered pursuant to or in connection with this Agreement will survive Closing and continue in full force and effect notwithstanding any subsequent disposition or repayment of the Debenture.

**Section 10 Severability**

The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

**Section 11 Beneficial Subscribers**

Whether or not explicitly stated in this Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Agreement, including the Schedules will be treated as if made by the Disclosed Beneficial Subscriber, if any.

**Section 12 Schedules**

The following Schedules are incorporated into and form an integral part of this Agreement, and any reference to this Agreement includes the Schedules:

Schedule A	Term Sheet
Schedule B	Accredited Investor Certificate
Schedule C	Form of Debenture
Schedule D	Form of Redemption Notice
Schedule E	Regulators

**Section 13 Interpretation**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa. The division of this Agreement into sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the Agreement's interpretation. In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

**Section 14 Assignment**

This Agreement becomes effective when executed by all of the parties to it. After that time, it will be binding upon and enure to the benefit of the parties and their respective successors, heirs, executors, administrators and legal representatives. This Agreement is not transferable or assignable by any party.

**Section 15 Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated by it and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

**Section 16 Time of Essence**

Time is of the essence in this Agreement.

## **Section 17      Governing Law**

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Subscriber, (and any Disclosed Beneficial Subscriber), irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Agreement and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

## **Section 18      Execution By Facsimile and Counterparts**

This Agreement including the Schedules may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same document.

### **PRIVACY NOTICE**

This Agreement and the Schedules hereto require the Subscriber to provide certain personal information (respecting the Subscriber and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, to purchase the Debentures under Applicable Securities Laws, preparing and registering certificates representing the Debentures to be issued hereunder and completing filings required under applicable securities legislation, regulations, rules, policies or orders of any stock exchange or securities regulatory authority.

In addition, such personal information may be used or disclosed by the Corporation for the purpose of administering the Corporation's relationship with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting. For example, such personal information may be used by the Corporation to communicate with the Subscriber or, if applicable, the Disclosed Beneficial Subscriber for whom the Subscriber is contracting (such as by providing annual or quarterly reports, sending notices of shareholder meetings etc.), to prepare tax filings and forms or to comply with its obligations under taxation, securities and other laws (such as maintaining a list of holders of Debentures).

In connection with the foregoing, the personal information of the Subscriber or, if applicable, the Disclosed Beneficial Subscriber for whom the Subscriber is contracting, may be disclosed by the Corporation to: (i) any stock exchanges or securities regulatory or taxation authorities, (ii) the Corporation's registrar and transfer agent, and (iii) any of the other parties involved in the Offering, including legal counsel, and may be included in record books prepared in respect of the Offering.

By executing this Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of the Disclosed Beneficial Subscriber for whom it is contracting) hereby consents to the collection, use and disclosure of such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of the Disclosed Beneficial Subscriber for whom it is contracting) also consents to the filing of copies or originals of any of the documents provided to the Corporation by or on behalf of the Subscriber with any taxation or securities regulatory authority in relation to the transactions contemplated by this Agreement.

## SCHEDULE A TERM SHEET

- Issuer:** eCapital Bond Corp. (the “**Corporation**”), a private company incorporated under the laws of the Province of Ontario.
- The Offering:** Private placement of secured, redeemable debentures (the “**Debentures**”) up to a maximum aggregate principal amount of \$500,000,000.
- Interest Rate:**
- (i) 8.00% Three Year Term Secured Debentures (“**8% Secured Debentures**”): 8.00% per annum, payable on a monthly basis 15 days in arrears; or
  - (ii) Five Year Term Secured Debentures (“**Series 2 Debentures**”): either (i) LIBOR plus 500 bps per annum or (ii) at the option of the Corporation upon providing the Debentureholder with 15 days prior written notice, six point five percent (6.5%) per annum, payable on a quarterly basis 15 days in arrears.
- Repayment:** The outstanding principal and any accrued and unpaid interest earned on Debentures will be repaid on the date which is (i) three (3) years or (ii) five (5) years, respectively, from the Closing Date.
- Redemption:** The Debentures will be redeemable by the Corporation in part or in full at any time during the term of specific Debentures upon 30 days’ written notice by payment of the principal amount of such Debentures and all accrued and unpaid interest thereon to the date of payment plus, for the 8% Secured Debentures and the Series 2 Debentures, the lesser of (a) three (3) months of interest and (b) interest owing from the date of redemption to the Maturity Date.
- Purchase:** The Corporation may purchase Debentures in the market or by tender or by private contract, at any price provided, however, that if an Event of Default has occurred and is continuing, the Corporation will not have the right to purchase Debentures by private contract.
- Conversion:** The Debentures are not convertible at any time into any other securities of the Corporation.
- Rank:** The Debentures will be direct secured obligations of the Corporation and will rank *pari passu* (i.e., on an equal footing; ranking equally) between and among themselves but prior to any other secured obligations of the Corporation except for such preferences as may be provided for under applicable law.
- Events of Default:** Standard events of default including failure to pay interest as same comes due or to repay the Debentures on the maturity or redemption thereof.
- Jurisdictions of Sale:** Ontario, British Columbia, Alberta, Quebec and such other provinces of Canada and jurisdictions outside of Canada as may be determined by the Corporation.
- Closing Date:** The date, for each Debenture, on which such Debenture is issued by the Corporation.
- Use of Proceeds:** The net proceeds of the Offering will be used for the purposes as specified in the Offering and subject to the terms thereof.
- Resale Restrictions:** The Debentures will be non-transferable and may not be transferred without the consent of the Corporation. In addition, the Debentures will be subject to the hold period and resale restrictions prescribed by National Instrument 45-102 *Resale of Securities* and by Quebec Regulation 45-102 *Respecting Resale of Securities*, as applicable.
- Accredited Investor:** This Offering is being made pursuant to the “Accredited Investor” exemptions contained in NI 45-106 – *Prospectus Exemptions*, in the Province of Ontario under section 73.3(2) of the *Securities Act* (Ontario) and regulations promulgated thereunder, and in the Province of Quebec under Quebec Regulation 45-106 – *Prospectus Exemptions*, as applicable, and other securities laws applicable in those provinces where the Offering will be made.

**Cancellation:** The Subscriber can cancel their agreement to purchase the Debentures. To do so, the Subscriber must send a written notice to the Corporation before midnight on the second business day after the Subscriber signs the Subscription Agreement in respect of the Debentures.

**SCHEDULE B  
ACCREDITED INVESTOR CERTIFICATE**

In connection with the purchase of Debentures of the Corporation by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the “**Subscriber**” for the purposes of this Schedule B), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;
2. The Subscriber is purchasing the Debentures as principal for its own account or a fully managed account;
3. The Subscriber is an “accredited investor” within the meaning of (i) National Instrument 45-106 entitled “*Prospectus Exemptions*”, (ii) section 73.3(2) of the *Securities Act* (Ontario) and the regulations promulgated thereunder, or (iii) Quebec Regulation 45-106 entitled “*Respecting Prospectus Exemptions*”, as applicable, by virtue of satisfying the indicated criterion as set out in Appendix A to this Accredited Investor Certificate;
4. The Subscriber was not created or used solely to purchase or hold securities as an “accredited investor” as described in paragraph (m) of the attached Appendix A of this Schedule B;
5. Upon execution of this Schedule B by the Subscriber, this Schedule B shall be incorporated into and form a part of the Subscription Agreement; and
6. The Subscriber acknowledges that he has requested and is satisfied that this Subscription Agreement and all documentation related thereto be drawn up in the English language. *Le soussigné reconnaît qu’il a exigé que cette contrat d’abonnement ainsi que toutes les autres documents qui s’y rattachent soit rédigé et exécuté en anglais et s’en déclare satisfait.*

The foregoing representations and warranties are true and accurate as of the date of this certificate and will be true and accurate as of Closing Date. If any such representations and warranties shall not be true and accurate prior to Closing Date, the Subscriber shall give immediate written notice of such fact to the Corporation.

Dated: \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
Print name of Subscriber

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name of Signatory (if different from Subscriber)

\_\_\_\_\_  
Title

***IMPORTANT: PLEASE MARK THE CATEGORY OR CATEGORIES  
IN APPENDIX A ON THE NEXT PAGE THAT DESCRIBES YOU.***



## APPENDIX A

**NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.**

**Accredited Investor** - (defined in section 1.1 of the National Instrument 45-106 – Prospectus Exemptions, in the Province of Ontario in section 73.3(1) of the Securities Act (Ontario) and regulations promulgated thereunder, or Quebec Regulation 45-106 – Respecting Prospectus Exemptions, as applicable) means:

- \_\_\_ (a) a Canadian financial institution, or an authorized foreign bank named in Schedule III of the *Bank Act* (Canada) (and, in Ontario, a Schedule I, II or III bank); or
- \_\_\_ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- \_\_\_ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by Directors of that subsidiary; or
- \_\_\_ (d) a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer; or
- \_\_\_ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or
- \_\_\_ (e.1) an individual formerly registered under the securities legislation of a province, territory or other permissible jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or
- \_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or
- \_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or
- \_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
- \_\_\_ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or
- \_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; or

*(Note: if an individual qualifies as an accredited investor under this category (j), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Appendix B.)*

(j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000; or

\_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

*(Note: if an individual qualifies as an accredited investor under this category (k), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Appendix B.)*

*(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (t) below, which must be initialled.)*

\_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

*(Note: if an individual qualifies as an accredited investor under this category (l), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Appendix B.)*

\_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or

\_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to

(a) a person that is or was an accredited investor at the time of the distribution, or

(b) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or

(c) a person described in paragraph (a) or (b) that acquires or acquired securities under section 2.18 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or

\_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

\_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

\_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, or

\_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

\_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

\_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors; or

*(Note: if you are purchasing as an individual, accredited investors paragraph (k) above must be initialed rather than paragraph (t))*

\_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

\_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

\_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

**APPENDIX B**  
**FORM 45-106F9**  
**FORM FOR INDIVIDUAL ACCREDITED INVESTORS**

**WARNING!**

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>1. About your investment</b>	
Type of securities: <i>[Instruction: Include a short description, e.g., common shares]</i> [8.00% Three Year Term Secured Debentures] [Five Year Term Secured Debentures]	Issuer: <b>ECAPITAL BOND CORP.</b>
Purchased from: <i>[Instruction: Indicate whether securities are purchased form the issuer or a selling security holder.]</i> <b>ECAPITAL BOND CORP.</b>	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$_____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the sales person is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistgered.ca">www.aretheyregistgered.ca</a> .	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the sales person identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	

<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	

**4. Your name and signature**

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print):

Signature:	Date:
------------	-------

**SECTION 5 TO BE COMPLETED BY THE SALESPERSON**

**5. Salesperson information**

*[Instruction: The sales person is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]*

First and last name of salesperson (please print):

Telephone:	Email:
------------	--------

Name of firm (if registered):

**SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**6. For more information about this investment**

For investment in a non-investment fund

<i>[Insert name of issuer/selling security holder]</i>	eCapital Bond Corp.
<i>[Insert address of issuer/selling security holder]</i>	155 University Avenue, Suite 1220
	Toronto, ON M5H 3B7
<i>[Insert contact person name, if applicable]</i>	Stephen McDonald
<i>[Insert telephone number]</i>	416-240-8310
<i>[Insert email address]</i>	Steve.McDonald@ecapital.com
<i>[Insert website address, if applicable]</i>	

For investment in an investment fund

*[Insert name of investment fund]*

*[Insert name of investment fund manager]*

*[Insert address of investment fund manager]*

*[Insert telephone number of investment fund manager]*

*[Insert email address of investment fund manager]*

*[If investment is purchased from a selling security holder, also insert the name, address, telephone number and email address of selling security holder here]*

**For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at [www.securities-administrators.ca](http://www.securities-administrators.ca).**

***Form instructions:***

- 1. This form does not mandate the use of a specific font size or style but the font must be legible.*
- 2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.*
- 3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.*

**SCHEDULE C  
FORM OF GLOBAL DEBENTURE**

**[“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES OR SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTIONS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. THE DEBENTURE TRUSTEE MAY REQUIRE CERTIFICATIONS AND/OR AN OPINION OF COUNSEL IN CONNECTION WITH ANY OFFER, SALE OR TRANSFER OF THE SECURITIES BY THE HOLDER HEREOF.”]**

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) DATE OF ISSUANCE, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.**

**THESE DEBENTURES ARE NON-TRANSFERRABLE AND MAY NOT BE TRANSFERRED BY THE HOLDER WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.**

[This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture. Capitalized terms used and not otherwise defined herein shall have the meanings given them in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. (“CDS”) to eCapital Bond Corp. (the “Issuer”) or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.]

CUSIP [    ]

Series: [2]/[3]/[4] Debentures with interest rate of \_\_\_\_\_%      ISIN [    ]

No. [1]

\$\_\_\_\_\_ [CAD/USD]

ECAPITAL BOND CORP.

(A Issuer existing under the laws of Ontario)

SERIES [2]/[3]/[4] DEBENTURES

DUE [DATE]

eCapital Bond Corp. (the “Issuer” or the “Issuer”) for value received hereby acknowledges itself indebted and, subject to the provisions of the amended and restated trust indenture (the “Indenture”) dated as of April 14, 2022, as may be amended or supplemented, among the Issuer and Computershare Trust Company of Canada (the “Trustee”), promises to pay to the registered holder hereof on [DATE] (the “Maturity Date”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum set forth above in lawful money of [Canada/the United States of America] on presentation and surrender of this Series [2]/[3]/[4] Debenture at the main branch of the Trustee in Calgary, Alberta in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of [8.00% or \_\_\_\_\_% per annum/either (i) LIBOR plus 500 bps per annum or (ii) at the option of the Issuer upon providing the Debentureholder with 15 days prior written notice, six point five percent (6.5%) per annum] (based on a year of 365 days, or in the case of a leap year 366 days), in like money, in arrears in equal (with the exception of the first interest payment which will include interest from [January 15, 20xx] as set forth below) [monthly/quarterly] instalments (less any tax required by law to be deducted) on the 15th of each [month/April, July, October and January] (fifteen (15) days in arrears) in each year commencing on [January 15, 20xx] and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date or the earlier date of redemption, repayment or conversion) to fall due on the Maturity Date or the earlier date of redemption, repayment or conversion and, should the Issuer at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For certainty, the first interest payment will include interest accrued from [January 15, 20xx] to, but excluding [January 31, 20xx]. Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or the sending of such electronic transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series [2]/[3]/[4] Debenture.

This Series [2]/[3]/[4] Debenture is one of the Series [2]/[3]/[4] Debentures (referred to herein as the “Series [2]/[3]/[4] Debentures”) of the Issuer issued or issuable in one or more series under the provisions of the Indenture. The Series [2]/[3]/[4] Debentures authorized for issue immediately are limited to an aggregate principal amount of up to \$500,000,000 in CAD or USD, subject to the Issuer’s right to temporarily increase this limit by up to an additional 7% for an aggregate period not to exceed six (6) months in any twelve (12) month period. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series [2]/[3]/[4] Debentures are or are to be issued and held and the rights and remedies of the holders of the Series [2]/[3]/[4] Debentures and of the Issuer and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Series [2]/[3]/[4] Debenture by acceptance hereof assents.

The Series [2]/[3]/[4] Debentures are issuable only in denominations of \$1,000 CAD or USD and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

This Series [2]/[3]/[4] Debenture may be redeemed at the option of the Issuer on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date and [unearned interest in respect of such Debentures owing from the Redemption Date to the Maturity Date/the lesser of (a) three (3) months of interest and (b) interest owing from the Redemption Date to the Maturity Date]. Interest accrued and unpaid on the Series [2]/[3]/[4] Debentures on the Redemption Date will be paid in cash as provided in the Indenture.

The indebtedness evidenced by this Series [2]/[3]/[4] Debenture, and by all other Series [2]/[3]/[4] Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Issuer.



The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series [2]/[3]/[4] Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of officers, directors and employees of the Issuer in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Series [2]/[3]/[4] Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Calgary, Alberta and in such other place or places and/or by such other registrars (if any) as the Issuer with the approval of the Trustee may designate. No transfer of this Series [2]/[3]/[4] Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Series [2]/[3]/[4] Debenture for cancellation. Thereupon a new Series [2]/[3]/[4] Debenture or Series [2]/[3]/[4] Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Series [2]/[3]/[4] Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture. The Series [2]/[3]/[4] Debentures are governed by the Indenture. If any of the provisions of this Series [2]/[3]/[4] Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Series [2]/[3]/[4] Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF THE ISSUER has caused this Debenture to be signed by its authorized representatives as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ECAPITAL BOND CORP.

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

Name:

Title:

I have authority to bind the Issuer

**(FORM OF TRUSTEE’S CERTIFICATE)**

This Debenture is one of the Series [2]/[3]/[4] due [DATE] referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: \_\_\_\_\_  
Authorized Signing Officer

**(FORM OF REGISTRATION PANEL)**

(No writing hereon except by Trustee or other registrar)

<b>Date of Registration</b>	<b>In Whose Name Registered</b>	<b>Signature of Trustee or Registrar</b>

## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ●, whose address and social insurance number, if applicable, are set forth below, this Series [2]/[3]/[4] Debenture (or \$● principal amount hereof\*) of eCapital Bond Corp. standing in the name(s) of the undersigned in the register maintained by the Issuer with respect to such Series [2]/[3]/[4] Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Series [2]/[3]/[4] Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee: \_\_\_\_\_ (Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

\*If less than the full principal amount of the within Series [2]/[3]/[4] Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Series [2]/[3]/[4] Debenture in a non-integral multiple of \$1,000, in which case such Series [2]/[3]/[4] Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series [2]/[3]/[4] Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Series [2]/[3]/[4] Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered holder

\_\_\_\_\_  
Name of Institution



**SCHEDULE D**

**Form of Redemption Notice  
ECAPITAL BOND CORP.**

**SERIES [2]/[3]/[4] DEBENTURES**

**REDEMPTION NOTICE**

To: Holders of Series [[2]/[3]/[4] Debentures (the “**Debentures**”) of eCapital Bond Corp. (the “**Issuer**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the “**Indenture**”) dated as of January 6, 2015, as may be amended or supplemented, among the Issuer and Computershare Trust Company of Canada (the “**Trustee**”), that the aggregate principal amount of \$\_\_\_\_\_ of the \$\_\_\_\_\_ of Debentures outstanding will be redeemed as of \_\_\_\_\_ (the “**Redemption Date**”), upon payment of a redemption amount of \$\_\_\_\_\_ for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$\_\_\_\_\_ (the “**Redemption Price**”), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date and [unearned interest in respect of such Debentures owing from the Redemption Date to the Maturity Date/the lesser of (a) three (3) months of interest and (b) interest owing from the Redemption Date to the Maturity Date] in the aggregate amount of \$\_\_\_\_\_ for each \$1,000 principal amount of Debentures, being equal to the aggregate of \$\_\_\_\_\_ (collectively, the “**Total Redemption Price**”).

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

800, 324 - 8th Avenue SW  
Calgary, AB T2P 2Z2

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Issuer shall, on the Redemption Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, cash representing the balance of the Redemption Price.

All amounts to be paid, issued or delivered by the Issuer hereunder shall be reduced by any applicable taxes.

DATED:

**ECAPITAL BOND CORP.**

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

Name:

Title:

I have authority to bind the Corporation

## SCHEDULE E

### REGULATORS

<b>Alberta</b>	Alberta Securities Commission Suite 600, 250 – 5th Street SW Calgary, Alberta T2P 0R4 Telephone: (403) 297-6454 Toll free in Canada: 1-877-355-0585 Facsimile: (403) 297-2082	<b>Northwest Territories</b>	Government of the Northwest Territories Office of the Superintendent of Securities P.O. Box 1320 Yellowknife, Northwest Territories X1A 2L9 Attention: Deputy Superintendent, Legal & Enforcement Telephone: (867) 920-8984 Facsimile: (867) 873-0243
<b>British Columbia</b>	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Inquiries: (604) 899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: (604) 899-6581 Email: inquiries@bcsc.bc.ca	<b>Nova Scotia</b>	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Duke Tower P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-7768 Facsimile: (902) 424-4625
<b>Manitoba</b>	The Manitoba Securities Commission 500 – 400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 Toll free in Manitoba: 1-800-655-5244 Facsimile: (204) 945-0330	<b>Nunavut</b>	Government of Nunavut Department of Justice Legal Registries Division P.O. Box 1000, Station 570, 1 <sup>st</sup> Floor Brown Building Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590 Facsimile: (867) 975-6594
<b>New Brunswick</b>	Financial and Consumer Services Commission (New Brunswick) 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060 Toll free in Canada: 1-866-933-2222 Facsimile: (506) 658-3059 Email: info@fcnbc.ca	<b>Ontario</b>	Ontario Securities Commission 20 Queen Street West, 22 <sup>nd</sup> Floor Toronto, Ontario M5H 3S8 Telephone: (416) 593- 8314 Toll free in Canada: 1-877-785-1555 Facsimile: (416) 593-8122 Email: exemptmarketfilings@osc.gov.on.ca Public official contact regarding indirect collection of information: Inquiries Officer
<b>Newfoundland and Labrador</b>	Government of Newfoundland and Labrador Financial Services Regulation Division P.O. Box 8700 Confederation Building, 2 <sup>nd</sup> Floor West Block, Prince Philip Drive St. John's, Newfoundland and Labrador A1B 4J6 Attention: Director of Securities Telephone: (709) 729-4189 Facsimile: (709) 729-6187	<b>Prince Edward Island</b>	Prince Edward Island Securities Office 95 Rochford Street, 4 <sup>th</sup> Floor Shaw Building, P.O. Box 2000 Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4569 Facsimile: (902) 368-5283

<b>Saskatchewan</b>	Financial and Consumer Affairs Authority of Saskatchewan Suite 601 - 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5879 Facsimile: (306) 787-5899	<b>Québec</b>	Autorité des marchés financiers 800, Square Victoria, 22e étage, C.P. 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: (514) 395-0337 or 1-877-525-0337 Facsimile: (514) 873-6155 (For filing purposes only) Facsimile: (514) 864-6381 (For privacy requests only) Email: <a href="mailto:financementdessocietes@lautorite.qc.ca">financementdessocietes@lautorite.qc.ca</a> (For corporate finance issuers); <a href="mailto:fonds_dinvestissement@lautorite.qc.ca">fonds_dinvestissement@lautorite.qc.ca</a> (For investment fund issuers)
<b>Yukon</b>	Government of Yukon Department of Community Services Law Centre, 3rd Floor 2130 Second Avenue Whitehorse, Yukon Y1A 5H6 Telephone: (867) 667-5314 Facsimile: (867) 393-6251		

**PRIVATE PLACEMENT SUBSCRIPTION AGREEMENT – CANADIAN SUBSCRIBERS**

**TO: ECAPITAL BOND CORP.**

The undersigned (the “**Subscriber**”) irrevocably subscribes for and agrees to purchase the Series 4 Debenture (as defined herein) of **eCapital Bond Corp.** (the “**Corporation**”) in the principal amount indicated below (the “**Subscription Price**”) upon and subject to the terms and conditions set forth in “Terms and Conditions of Subscription” attached hereto and forming part of this subscription agreement (the “**Agreement**”).

**Subscriber Signature**

\_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_

(Name of Subscriber - please print)

\_\_\_\_\_

(Official Capacity or Title - please print name of individual whose signature appears above if different than the name of the Subscriber.)

**Subscriber Information**

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Subscriber’s Address)

\_\_\_\_\_

(Telephone Number)

\_\_\_\_\_

(Email Address)

**By executing this Subscription, you are consenting (on your behalf and, if applicable, on behalf of the beneficial purchaser for whom you are contracting, if any), to the collection, use and disclosure of personal information in the manner described in this Agreement.**

Total Principal Amount Of Series 4 Debenture Subscribed For:

\_\_\_\_\_ % Six Month Term Secured Debentures  
Principal Amount: \$ \_\_\_\_\_

\_\_\_\_\_ % One Year Term Secured Debentures  
Principal Amount: \$ \_\_\_\_\_

\_\_\_\_\_ % Eighteen Month Term Secured Debentures  
Principal Amount: \$ \_\_\_\_\_  
(collectively, a “**Series 4 Debenture**”)

**Beneficial Subscriber Information**

**If the Subscriber is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, complete the following and ensure Schedule B and Appendix A and, if applicable, Appendix B thereto is completed on behalf of such principal:**

\_\_\_\_\_

(Name of Principal)

\_\_\_\_\_

(Principal’s address)

\_\_\_\_\_

(Telephone Number)

\_\_\_\_\_

(Fax Number)

\_\_\_\_\_

(Email Address)

**Register the Series 4 Debenture as set forth below:**

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Account reference, if applicable)

\_\_\_\_\_

\_\_\_\_\_

(Address)

**Deliver the Series 4 Debenture as set forth below:**

Same as Registered Address (otherwise complete below)

\_\_\_\_\_

(Name)

\_\_\_\_\_

(Account reference, if applicable)

\_\_\_\_\_

(Contact Name)

\_\_\_\_\_

(Address)

\_\_\_\_\_



**TO BE COMPLETED BY THE CORPORATION ONLY**

The Corporation accepts the above subscription on the terms and conditions contained in this Agreement and the Corporation represents and warrants to the Subscriber that the representation and warranties made herein by the Corporation are true and correct in all material respects as of the Closing Date (as defined herein) (save and except as otherwise indicated herein) and that the Subscriber is entitled to rely hereon.

Date: \_\_\_\_\_

**ECAPITAL BOND CORP.**

By: \_\_\_\_\_

Authorized Signing Officer

\_\_\_\_\_  
Official Capacity or Title

## Terms and Conditions of Subscription

### Section 1 Terms of the Offering

- (1) Depending upon the choice of debenture that the Subscriber makes, each debenture (collectively, a “**Series 4 Debenture**”) will mature on the date which is either six (6) months, one (1) year or eighteen (18) months from the Closing Date, as applicable (the “**Maturity Date**”) and will bear interest at the rate as reflected on the first page of this Agreement. The specific terms of the Series 4 Debenture are set forth in the term sheet attached hereto as Schedule A (the “**Term Sheet**”).
- (2) The purchased Series 4 Debenture forms are part of a larger offering (the “**Offering**”) of debentures by the Corporation up to an aggregate principal amount of \$500,000,000.
- (3) The Series 4 Debentures are being offered by the Corporation in Ontario, British Columbia, Alberta, Quebec and in other Canadian jurisdictions and jurisdictions other than Canada as may be determined by the Corporation.
- (4) The proceeds from the Offering will be delivered to the Corporation on the Closing Date.
- (5) As used in this Subscription Agreement:

“**Accredited Investor**” has the meaning ascribed thereto (i) in the Province of Ontario under section 73.3(1) of the *Securities Act* (Ontario) and regulations promulgated thereunder, including in section 1.1 of NI 45-106, as applicable (ii) in the Province of Quebec under Quebec Regulation 45-106, or (iii) in other provinces and territories of Canada, in section 1.1 of NI 45-106, as applicable;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Closing Date**” means, for each Series 4 Debenture, the date on which such Series 4 Debenture is issued by the Corporation;

“**Depository**” means, with respect to the Series 4 Debentures of any series issuable or issued in the form of one or more Global Debentures, the person designated as depository by the Corporation, the Depository shall initially be CDS;

“**Global Debenture**” means a Series 4 Debenture that is issued to and registered in the name of the Depository, or its nominee, for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository’s book-entry only registration system;

“**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions* as such instrument is in effect (if applicable) at Closing (as hereinafter defined) in the province of Canada in which the Subscriber resides;

“**Offering Memorandum**” means the offering memorandum dated May 9, 2023, as it may be amended from time to time; and

“**Quebec Regulation 45-106**” means Regulation 45-106 - *Respecting Prospectus Exemptions* as such instrument is in effect (if applicable) at Closing (as hereinafter defined) in the Province of Quebec.

## **Section 2 Closing**

The completion of the offer, sale and issuance of the Series 4 Debentures as contemplated by this Agreement (the “**Closing**”) will occur on the Closing Date subject to satisfaction or waiver by the relevant party of the conditions of closing.

This subscription is subject to acceptance by the Corporation, as described below.

If, prior to the Closing Date, the terms and conditions contained in this Agreement have been complied with, payment of the aggregate Subscription Price for all of the Series 4 Debentures sold pursuant to the Offering will be released to the Corporation against delivery by the Corporation of the Series 4 Debentures and such other documentation as may be required pursuant to this Agreement.

Closings shall take place on the 15<sup>th</sup> of each respective month and if such day is not a business day in the Province of Ontario then the next business day following, or such other date as determined by the Corporation.

## **Section 3 Conditions of Closing**

The Subscriber, on its own behalf and on behalf of any disclosed principal for whom the Subscriber is contracting under this Agreement (a “**Disclosed Beneficial Subscriber**”), acknowledges that the offer, sale and issuance of the Series 4 Debenture as contemplated by this Agreement is subject to, among other things, the following conditions being fulfilled or performed on or before the Closing Date, which conditions are for the exclusive benefit of the Corporation and may be waived, in whole or in part, by the Corporation in its sole discretion:

- (a) the Subscriber delivering to:

**eCapital Bond Corp.**  
1220-155 University Avenue  
Toronto, ON M5H 3B7

Attention: Steve McDonald  
Phone: 416-240-8310  
Fax: 1-866-479-0458

not later than 3:00 p.m. on the day that is two business days before the Closing Date or as otherwise agreed to by the Corporation:

- (i) one fully completed and duly executed copy of this Agreement, including the Schedules, and all other documentation contemplated by this Agreement; and
- (ii) a certified cheque, bank draft or evidence of completed wire transfer, representing the aggregate Subscription Price payable for the Series 4 Debenture subscribed for by the Subscriber;
- (b) the Corporation accepting the Subscriber’s subscription, in whole or in part;
- (c) the offer, sale and issuance of the Series 4 Debentures being exempt from the prospectus and registration requirements of Applicable Securities Laws. As used in this Agreement, “**Applicable Securities Laws**” means any and all securities laws including, statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Series 4 Debentures will be offered, sold and issued;

- (d) the Subscriber executing and delivering to the Corporation all reports, undertakings or other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Series 4 Debenture to the Subscriber;
- (e) the Corporation obtaining all orders, permits, approvals, waivers, consents, licenses or similar authorizations of Regulators necessary to complete the offer, sale and issuance of the Series 4 Debentures. As used in this Agreement, “**Regulator**” means: (i) any governmental or public entity department, court, commission, board, bureau, agency or instrumentality; (ii) any quasi-governmental, self-regulatory or private body exercising any regulatory authority; and (iii) any stock exchange;
- (f) the representations and warranties of the Subscriber having been true and correct as of the date of this Agreement and being true and correct as at the Closing Date; and
- (g) all documentation relating to the offer, sale and issuance of the Series 4 Debentures being in form and substance satisfactory to the Corporation.

#### **Section 4 Acknowledgments of the Subscriber**

The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, acknowledges that:

- (a) **AN INVESTMENT IN THE DEBENTURES IS NOT WITHOUT RISK AND THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**
- (b) the Corporation may complete additional financings in the future in order to develop the business of the Corporation and fund its ongoing development, and there is no assurance that such financing will be available, on reasonable terms or at all, and if not available, the Corporation may be unable to fund its ongoing development;
- (c) the Corporation has the right to accept or reject the Subscriber’s subscription in whole or in part. If the subscription is rejected in whole or in part all or a portion of the total Subscription Price, as the case may be, will be promptly delivered to the Subscriber, without interest;
- (d) the Offering is being conducted pursuant to the exemption from the prospectus requirements afforded, in the Province of Ontario pursuant to the exemption from the prospectus requirements afforded by Section 73.3(2) of the *Securities Act* (Ontario) and regulations promulgated thereunder, in the Province of Quebec pursuant to the exemption from the prospectus requirements afforded by Section 2.3 of Quebec Regulation 45-106, and in other provinces and territories of Canada, by Section 2.3 of NI 45-106;
- (e) the offer, sale and issuance of the Series 4 Debenture is exempt from the prospectus requirements of Applicable Securities Laws and, as a result: (i) the Subscriber may not receive information that would otherwise be required under Applicable Securities Laws or be contained in a prospectus prepared in accordance with Applicable Securities Laws, (ii) the Subscriber is restricted from using most of the protections, rights and remedies available under Applicable Securities Laws, including statutory rights of rescission or damages, and (iii) the Corporation is relieved from certain obligations that would otherwise apply under Applicable Securities Laws;
- (f) no prospectus has been filed with any Regulator in connection with the Offering and no Regulator has made any finding or determination as to the merit for investment in, or made any recommendation or endorsement with respect to, the Series 4 Debentures;

- (g) the Series 4 Debentures have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or any state securities laws and the Series 4 Debentures may not be offered or sold in the United States or to a U.S. person except in compliance with the requirements of an exemption from registration under the U.S. Securities Act and any applicable state securities laws;
- (h) this Agreement and the schedules and appendices hereto require the Subscriber to provide certain personal information to the Corporation and its legal counsel. Such information is being collected by the Corporation and its legal counsel for the purposes of completing the Offering described herein, which includes, without limitation, determining the Subscriber’s eligibility to purchase the Series 4 Debenture under Applicable Securities Laws, preparing and registering certificates or ownership statements issued under a direct registration system or other electronic book-entry system representing the Series 4 Debentures to be issued to the Subscriber and completing filings required by any Regulator. Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. The title, business address and business telephone number of the public official responsible in each Province or Territory in Canada is attached as Schedule E and such person can answer questions about the security regulatory authority’s or Regulator’s indirect collection of personal information. The Subscriber’s personal information may be disclosed by the Corporation or its counsel to: (a) securities commissions, securities regulatory authorities, or any other Regulators; (b) the Corporation’s registrar and transfer agent; (c) taxation authorities; (d) any of the other parties involved in the Offering, including legal counsel. In addition, the Corporation will be providing the following information to the Ontario Securities Commission and other regulatory authorities: (a) the full name, residential address and telephone number of the Subscriber; (b) the number, interest rate and type of Securities purchased by the Subscriber; (c) the total purchase price for the Securities; (d) the applicable exemption relied upon by the Corporation; and (e) the date of distribution of the Securities (collectively, such information is hereinafter referred to as the “**Information**”). By executing this Agreement, the Subscriber is deemed to be authorizing and consenting to the foregoing collection (including the indirect collection of personal information), use and disclosure of the Subscriber’s personal information and the Information as set forth above. The Subscriber also consents to the filing of copies or originals of any of the Subscriber’s documents described in this Agreement, as well as the Information, as may be required to be filed with any securities commission or securities regulatory authority in connection with the transaction contemplated hereby. For Subscribers resident in or otherwise subject to the laws of British Columbia, certain of the Information may be posted publicly on the British Columbia Securities Commission website, or, in the case of individuals, placed on public file at the British Columbia Securities Commission office. For Subscribers resident in or otherwise subject to any laws of any Province or Territory in Canada other than Ontario or British Columbia, certain of the Information may be posted publicly on [www.sedar.com](http://www.sedar.com) and for any questions such Subscriber should contact its applicable securities commission or securities regulatory authority;
- (i) the Subscriber acknowledges and agrees that some of this Information may be transferred to servicers outside of Canada for data processing and/or storage;
- (j) the Series 4 Debenture will not be transferred without the prior consent of the Corporation;
- (k) the Series 4 Debentures are being offered on a “private placement” basis and will be subject to resale restrictions under Applicable Securities Laws and the Corporation may make a notation on its records or give instructions to any transfer agent of the Series 4 Debentures in order to implement such resale restrictions;

- (l) at the Corporation's sole discretion, the Series 4 Debentures may be evidenced by a certificate or ownership statements issued under a direct registration system or other electronic book-entry system;
- (m) the Series 4 Debentures (and any replacement certificate issued prior to the expiration of the applicable hold periods), or ownership statements issued under a direct registration system or other electronic book-entry system, will bear a legend in the following form in accordance with Applicable Securities Laws: **“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) THE DATE OF ISSUANCE, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY”**;
- (n) in addition to bearing a legend substantially in the form provided in Section 4(m), a Global Debenture shall bear a legend substantially to the following effect:

**“THIS DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE HEREIN REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS DEBENTURE MAY NOT BE TRANSFERRED TO OR EXCHANGED FOR DEBENTURES REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY OR A NOMINEE THEREOF AND NO SUCH TRANSFER MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE DATED AS OF THE [DATE OF ISSUANCE] BETWEEN ECAPITAL BOND CORP. (“ECAPITAL”) AND COMPUTERSHARE TRUST COMPANY OF CANADA (THE “INDENTURE”). EVERY DEBENTURE AUTHENTICATED AND DELIVERED UPON REGISTRATION OF, TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS DEBENTURE SHALL BE A GLOBAL DEBENTURE SUBJECT TO THE FOREGOING, EXCEPT IN SUCH LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.**

**UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. (“CDS”) TO ECAPITAL (THE “ISSUER”), ITS SUCCESSOR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.”**

- (o) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Series 4 Debentures;
- (p) all costs and expenses incurred by the Subscriber (including any fees and disbursements of legal counsel retained by the Subscriber) relating to the purchase of the Series 4 Debenture shall be borne solely by the Subscriber;
- (q) there is no government or other insurance covering the Series 4 Debenture;

- (r) there are risks associated with the purchase of the Series 4 Debenture;
- (s) there are restrictions on the Subscriber's ability to resell the Series 4 Debenture and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Series 4 Debenture; and
- (t) except for the Subscriber's knowledge regarding its subscription for the Series 4 Debenture hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the *Securities Act* (Ontario)) in the affairs of the Corporation that has not been generally disclosed.

## **Section 5 Representations and Warranties of the Subscriber**

The Subscriber, on its own behalf and on behalf of any Disclosed Beneficial Subscriber, represents and warrants as follows to the Corporation at the date of this Agreement and on the Closing Date and acknowledges and confirms that the Corporation is relying on such representations and warranties in connection with the offer, sale and issuance of the Series 4 Debentures to the Subscriber:

- (a) **THE SUBSCRIBER (AND ANY DISCLOSED BENEFICIAL SUBSCRIBER) HAS KNOWLEDGE IN FINANCIAL AND BUSINESS AFFAIRS, IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE DEBENTURE, AND IS ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT EVEN IF THE ENTIRE INVESTMENT IS LOST;**
- (b) the Subscriber has been provided with the Offering Memorandum, but has not been provided with a prospectus or any other document in connection with its subscription for Series 4 Debentures and the decision to subscribe for Series 4 Debentures and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Corporation or any employee or agent of the Corporation and has been based entirely upon this Agreement, including the Term Sheet, and the Offering Memorandum;
- (c) the distribution of the Series 4 Debenture has not been made through, or as a result of, and is not being accompanied by, (i) a general solicitation, (ii) any advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (d) the Subscriber (and any Disclosed Beneficial Subscriber) is eligible to purchase the Series 4 Debenture pursuant to an exemption from the prospectus and registration requirements of Applicable Securities Laws. The Subscriber has completed and delivered to the Corporation the applicable certificate in Schedule B, evidencing the Subscriber's (and any Disclosed Beneficial Subscriber's) status under Applicable Securities Laws and confirms the truth and accuracy of all statements made in such certificate as of the date of this Agreement and as of the Closing Date;
- (e) the Subscriber (and any Disclosed Beneficial Subscriber) was offered the Series 4 Debentures in, and is resident in, the jurisdiction set out as the "Subscriber's Address" on the first page of this Agreement and intends the Applicable Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Series 4 Debentures to the Subscriber;
- (f) the Subscriber (and any Disclosed Beneficial Subscriber) is not a "U.S. Person" (as that term is defined in Regulation S promulgated under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States) and is not acquiring the

Series 4 Debentures for the account of or benefit of a U.S. Person or a person in the United States;

- (g) the Subscriber (and any Disclosed Beneficial Subscriber) has been independently advised as to and is aware of the resale restrictions under Applicable Securities Laws with respect to the Series 4 Debenture;
- (h) the Subscriber understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination or expressed any opinion with respect to the merits of investing in the Series 4 Debentures and that there is no government or other insurance covering the Series 4 Debentures;
- (i) except as otherwise disclosed in this Agreement, the Subscriber (and any Disclosed Beneficial Subscriber) is at arm's-length with the Corporation;
- (j) except as specifically provided for herein, there is no person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee and if any person establishes a claim that any fee or other compensation is payable in connection with this subscription for the Series 4 Debenture, the Subscriber covenants to indemnify and hold harmless the Corporation with respect thereto and with respect to all costs reasonably incurred in the defence thereof;
- (k) Westcourt Capital Corporation shall act as exclusive sales agent for the Corporation for the Series 4 Debentures and shall receive a commission representing 2.55% of the gross aggregate principal amount of the Series 4 Debentures. The other agent or agents involved in the sale of the Series 4 Debentures shall receive a commission on the gross aggregate principal amount of the Series 4 Debentures sold pursuant to the Offering on terms to be agreed or amended between the Corporation and such agent from time to time;
- (l) the Subscriber (and any Disclosed Beneficial Subscriber) has not received, nor does it expect to receive any financial assistance from the Corporation, directly or indirectly, in respect of the Subscriber's purchase of Series 4 Debentures;
- (m) none of the funds being used to purchase the Series 4 Debenture are to the Subscriber's knowledge proceeds obtained or derived directly or indirectly as a result of illegal activities. The funds being used to purchase the Series 4 Debenture which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") or similar legislation of any other jurisdiction and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA or similar legislation of any other jurisdiction. To the best of knowledge of the Subscriber: (a) none of the funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (b) the Subscriber shall promptly notify the Corporation if the Subscriber discovers that any of such representations cease to be true, and to provide the Corporation with appropriate information in connection therewith;
- (n) no person has made any oral or written representations to the Subscriber: (i) that any person will resell or repurchase the Series 4 Debenture; (ii) that any person will refund the purchase price of the Series 4 Debenture; or (iii) as to the future value or price of the Series 4 Debenture or the shares of the Corporation;



- (o) the Subscriber is purchasing the Series 4 Debenture for investment only and not with a view for resale or distribution of all or any part of the Series 4 Debenture;
- (p) if the Subscriber is an individual, he or she is of legal age and is legally competent to execute, deliver and perform his or her obligations under this Agreement. If the Subscriber is not an individual, (i) it has the legal capacity and competence to execute, deliver and perform its obligations under this Agreement; and (ii) the execution and delivery of and performance by the Subscriber of this Agreement have been authorized by all necessary corporate or other action on the part of the Subscriber;
- (q) if the Subscriber is subscribing as principal, this Agreement has been duly executed and delivered by the Subscriber, and constitutes a legal, valid and binding agreement of the Subscriber enforceable against him, her or it in accordance with its terms;
- (r) if the Subscriber is acting for a Disclosed Beneficial Subscriber, the Subscriber is duly authorized to execute and deliver this Agreement and all other documentation in connection with the subscription on behalf of the Disclosed Beneficial Subscriber. This Agreement has been duly authorized, executed and delivered by or on behalf of such Disclosed Beneficial Subscriber and constitutes a legal, valid and binding agreement of such Disclosed Beneficial Subscriber enforceable against him, her or it in accordance with its terms;
- (s) the execution and delivery of and performance by the Subscriber (and any Disclosed Beneficial Subscriber) of this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event of condition) result in a breach or violation of or a conflict with, or allow any other person to exercise any rights under any of the terms or provisions of the Subscriber's (and any such Disclosed Beneficial Subscriber's) constating documents or by-laws, if applicable, or any other contract, agreement, instrument, undertaking or covenant to which the Subscriber (and any Disclosed Beneficial Subscriber) is a party or by which it is bound; and
- (t) the Subscriber (and any Disclosed Beneficial Subscriber) has obtained such legal and tax advice as it considers appropriate in connection with the offer, sale and issuance of the Series 4 Debenture and the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement. The Subscriber (and the Disclosed Beneficial Subscriber) is not relying on the Corporation or its affiliates or counsel in this regard.

## **Section 6 Covenants of the Subscriber**

- (1) The Subscriber (and any Disclosed Beneficial Subscriber) will comply with Applicable Securities Laws concerning the subscription, purchase, holding and resale of the Series 4 Debenture and will consult with its legal advisers with respect to complying with resale restrictions under Applicable Securities Laws with respect to the Series 4 Debenture.
- (2) The Subscriber (and any Disclosed Beneficial Subscriber) will execute, deliver, file and otherwise assist the Corporation in filing any reports, undertakings and other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Series 4 Debentures.

## **Section 7 Representations and Warranties of the Corporation**

The Corporation covenants, represents and warrants to the Subscriber and acknowledges that the Subscriber (and any Disclosed Beneficial Subscriber) is entering into this agreement and subscribing for the Series 4 Debenture in reliance upon such representations and warranties, as follows:

- (a) the Corporation was incorporated under the laws of the Province of Ontario on December 8, 2014 and is validly subsisting under the laws of Ontario;
- (b) the Corporation has the corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement; the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Corporation;
- (c) this Agreement constitutes a valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors and others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;
- (d) the Corporation is duly qualified to carry on business in each jurisdiction in which the nature of the business or the property owned or leased by it makes such qualification necessary and possesses all necessary permits and licenses to carry on its business as presently being conducted;
- (e) the entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents or by-laws of the Corporation or any applicable order of any court, arbitrator or government authority having jurisdiction over the Corporation or of any indenture or other agreement, written or oral, to which the Corporation is a party or by which it is or may become bound or, to the best of the knowledge and belief of the Corporation after due inquiry, of any law or regulation;
- (f) there are no actions, suits or proceedings (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or adversely affecting the Corporation or any of its assets at law or in equity or before or by any federal, provincial, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, whether or not insured, and which might involve the possibility of any judgment or liability against the Corporation; and
- (g) the representations and warranties of the Corporation included in this Agreement are true and correct and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained in such representations and warranties not misleading to a prospective purchaser of the Series 4 Debenture and all information provided to the Subscriber on or prior to the Closing Date is true, correct and complete in all material respects and does not contain any material misrepresentation.

## **Section 8 Indemnity**

- (1) The Subscriber agrees to indemnify and hold harmless the Corporation and its directors, officers, employees, agents, advisers and shareholders from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Corporation in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation in connection herewith.

- (2) The Corporation agrees to indemnify and hold harmless the Subscriber and its directors, officers, employees, agents, advisers and shareholders, as applicable, from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Corporation contained herein or in any document furnished by the Corporation to the Subscriber in connection herewith being untrue in any material respect or any breach or failure by the Corporation to comply with any covenant or agreement made by the Corporation herein or in any document furnished by the Corporation to the Subscriber in connection herewith.

**Section 9 Survival**

The representations, warranties, acknowledgements and covenants contained in this Agreement and any certificate or document delivered pursuant to or in connection with this Agreement will survive Closing and continue in full force and effect notwithstanding any subsequent disposition or repayment of the Series 4 Debenture.

**Section 10 Severability**

The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

**Section 11 Beneficial Subscribers**

Whether or not explicitly stated in this Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Agreement, including the Schedules will be treated as if made by the Disclosed Beneficial Subscriber, if any.

**Section 12 Schedules**

The following Schedules are incorporated into and form an integral part of this Agreement, and any reference to this Agreement includes the Schedules:

Schedule A	Term Sheet
Schedule B	Accredited Investor Certificate
Schedule C	Form of Debenture
Schedule D	Form of Redemption Notice
Schedule E	Regulators

**Section 13 Interpretation**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa. The division of this Agreement into sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the Agreement's interpretation. In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", (ii) the words "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of".

**Section 14 Assignment**

This Agreement becomes effective when executed by all of the parties to it. After that time, it will be binding upon and enure to the benefit of the parties and their respective successors, heirs, executors, administrators and legal representatives. This Agreement is not transferable or assignable by any party.

**Section 15 Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated by it and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

**Section 16 Time of Essence**

Time is of the essence in this Agreement.

**Section 17 Governing Law**

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Subscriber, (and any Disclosed Beneficial Subscriber), irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Agreement and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

**Section 18 Execution By Facsimile and Counterparts**

This Agreement including the Schedules may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together will be deemed to constitute one and the same document.

**PRIVACY NOTICE**

This Agreement and the Schedules hereto require the Subscriber to provide certain personal information (respecting the Subscriber and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, to purchase the Series 4 Debentures under Applicable Securities Laws, preparing and registering certificates or ownership statements issued under a direct registration system or other electronic book-entry system representing the Series 4 Debentures to be issued hereunder and completing filings required under applicable securities legislation, regulations, rules, policies or orders of any stock exchange or securities regulatory authority.

In addition, such personal information may be used or disclosed by the Corporation for the purpose of administering the Corporation's relationship with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting. For example, such personal information may be used by the Corporation to communicate with the Subscriber or, if applicable, the Disclosed Beneficial Subscriber for whom the Subscriber is contracting (such as by providing annual or quarterly reports, sending notices of shareholder meetings etc.), to prepare tax filings and forms or to comply with its obligations under taxation, securities and other laws (such as maintaining a list of holders of Series 4 Debentures).

In connection with the foregoing, the personal information of the Subscriber or, if applicable, the Disclosed Beneficial Subscriber for whom the Subscriber is contracting, may be disclosed by the Corporation to: (i) any stock exchanges or securities regulatory or taxation authorities, (ii) the Corporation's registrar and transfer agent, and (iii) any of the other parties involved in the Offering, including legal counsel, and may be included in record books prepared in respect of the Offering.

By executing this Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of the Disclosed Beneficial Subscriber for whom it is contracting) hereby consents to the collection, use and disclosure of such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of the Disclosed Beneficial Subscriber for whom it is contracting) also consents to the filing of copies or originals of any of the documents provided to the Corporation by or on behalf of the Subscriber with any taxation or securities regulatory authority in relation to the transactions contemplated by this Agreement.

## SCHEDULE A TERM SHEET

- Issuer:** eCapital Bond Corp. (the “**Corporation**”), a private company incorporated under the laws of the Province of Ontario.
- The Offering:** Private placement of negotiable interest six (6) month, one (1) year or eighteen (18) month secured debentures (the “**Series 4 Debentures**”) issuable in multiples of \$1,000 in either CAD or USD, being part of a larger offering of debentures by the Corporation of up to an aggregate principal amount of \$500,000,000.
- Interest Rate:** The interest rate payable with respect to the Series 4 Debentures shall be set at the time the Series 4 Debentures are issued payable on a monthly basis, fifteen (15) days in arrears on the 15th of each month of each year during the term of the Series 4 Debentures.
- Repayment:** The outstanding principal and any accrued and unpaid interest earned on Series 4 Debentures will be repaid on the date which is six (6) month, one (1) year or eighteen (18) months from the closing date.
- Early Redemption:** The Corporation may redeem a holder’s Series 4 Debentures in part or in full at any time during the term of the Series 4 Debentures by providing the holder with at least thirty (30) days’ prior written notice to the holder of its intention to do so. To effect such redemption, the Corporation must make payment of the principal amount of such Series 4 Debentures and all accrued and unpaid interest thereon to the date of payment.
- Rank:** All debentures issued pursuant to the Offering will be direct secured obligations of the Corporation and will rank *pari passu* (i.e., on an equal footing; ranking equally) between and among themselves but prior to any other secured obligations of the Corporation except for such preferences as may be provided for under applicable law.
- Jurisdictions of Sale:** Ontario, British Columbia, Alberta, Quebec and such other provinces of Canada and jurisdictions outside of Canada as may be determined by the Corporation.
- Closing Date:** The date, for each Series 4 Debenture, on which such Series 4 Debenture is issued by the Corporation.
- Use of Proceeds:** The net proceeds of the Offering will be used for the purposes as specified in the Offering Memorandum dated May 9, 2023 and subject to the terms thereof.
- Resale Restrictions:** The Series 4 Debentures will be subject to a number of resale restrictions, including a restriction on trading, as prescribed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Series 4 Debentures unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation.
- Qualified Investor:** This Offering is being made pursuant to the “Accredited Investor” exemptions contained in NI 45-106 – *Prospectus Exemptions*, in the Province of Ontario under section 73.3(2) of the *Securities Act* (Ontario) and regulations promulgated thereunder, and in the Province of Quebec under Quebec Regulation 45-106 – *Prospectus Exemptions*, as applicable, and other securities laws applicable in those provinces where the Offering will be made.
- Selling Agent:** Westcourt Capital Corporation (“**Westcourt**”) has been appointed as an agent of the Corporation in the sale of the Series 4 Debentures. The Corporation may engage other agents in the sale of the Series 4 Debentures from time to time on terms to be agreed.
- Cancellation:** The Subscriber can cancel their agreement to purchase the Series 4 Debentures. To do so, the Subscriber must send a written notice to the Corporation before midnight on the second business day after the Subscriber signs the Subscription Agreement in respect of the Series 4 Debentures.

**SCHEDULE B  
ACCREDITED INVESTOR CERTIFICATE**

In connection with the purchase of Series 4 Debentures of the Corporation by the undersigned subscriber or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the “**Subscriber**” for the purposes of this Schedule B), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is resident in the jurisdiction as set forth on the face page of this Subscription Agreement or is subject to the securities laws of such jurisdiction;
2. The Subscriber is purchasing the Series 4 Debentures as principal for its own account or a fully managed account;
3. The Subscriber is an “accredited investor” within the meaning of (i) National Instrument 45-106 entitled “*Prospectus Exemptions*”, (ii) section 73.3(2) of the *Securities Act* (Ontario) and the regulations promulgated thereunder, or (iii) Quebec Regulation 45-106 entitled “*Respecting Prospectus Exemptions*”, as applicable, by virtue of satisfying the indicated criterion as set out in Appendix A to this Accredited Investor Certificate;
4. The Subscriber was not created or used solely to purchase or hold securities as an “accredited investor” as described in paragraph (m) of the attached Appendix A of this Schedule B;
5. Upon execution of this Schedule B by the Subscriber, this Schedule B shall be incorporated into and form a part of the Subscription Agreement; and
6. The Subscriber acknowledges that he has requested and is satisfied that this Subscription Agreement and all documentation related thereto be drawn up in the English language. *Le soussigné reconnaît qu’il a exigé que cette contrat d’abonnement ainsi que toutes les autres documents qui s’y rattachent soit rédigé et exécuté en anglais et s’en déclare satisfait.*

The foregoing representations and warranties are true and accurate as of the date of this certificate and will be true and accurate as of Closing Date. If any such representations and warranties shall not be true and accurate prior to Closing Date, the Subscriber shall give immediate written notice of such fact to the Corporation.

Dated: \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
Print name of Subscriber

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name of Signatory (if different from Subscriber)

\_\_\_\_\_  
Title

***IMPORTANT: PLEASE MARK THE CATEGORY OR CATEGORIES  
IN APPENDIX A ON THE NEXT PAGE THAT DESCRIBES YOU.***

## APPENDIX A

**NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.**

**Accredited Investor** - (defined in section 1.1 of the National Instrument 45-106 – Prospectus Exemptions, in the Province of Ontario in section 73.3(1) of the Securities Act (Ontario) and regulations promulgated thereunder, or Quebec Regulation 45-106 – Respecting Prospectus Exemptions, as applicable) means:

- \_\_\_ (a) a Canadian financial institution, or an authorized foreign bank named in Schedule III of the *Bank Act* (Canada) (and, in Ontario, a Schedule I, II or III bank); or
- \_\_\_ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- \_\_\_ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by Directors of that subsidiary; or
- \_\_\_ (d) a person registered under the securities legislation of a jurisdiction of Canada, as an adviser or dealer; or
- \_\_\_ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or
- \_\_\_ (e.1) an individual formerly registered under the securities legislation of a province, territory or other permissible jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or
- \_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or
- \_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or
- \_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or
- \_\_\_ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or
- \_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; or

*(Note: if an individual qualifies as an accredited investor under this category (j), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Appendix B.)*



(j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000; or

\_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

*(Note: if an individual qualifies as an accredited investor under this category (k), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Appendix B.)*

*(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under paragraph (t) below, which must be initialled.)*

\_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; or

*(Note: if an individual qualifies as an accredited investor under this category (l), such individual must complete, sign and deliver a Risk Acknowledgement Form set out in Appendix B.)*

\_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements; or

\_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to

- (a) a person that is or was an accredited investor at the time of the distribution, or
- (b) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or
- (c) a person described in paragraph (a) or (b) that acquires or acquired securities under section 2.18 of National Instrument 45-106 or of Quebec Regulation 45-106, as applicable, or

\_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

\_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

\_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, or

\_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

\_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

\_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors; or

*(Note: if you are purchasing as an individual, accredited investors paragraph (k) above must be initialed rather than paragraph (t))*

\_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

\_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

\_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

**APPENDIX B**  
**FORM 45-106F9**  
**FORM FOR INDIVIDUAL ACCREDITED INVESTORS**

**WARNING!**

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>1. About your investment</b>	
Type of securities: <i>[Instruction: Include a short description, e.g., common shares]</i> <b>Series 4 Debentures</b>	Issuer: <b>ECAPITAL BOND CORP.</b>
Purchased from: <i>[Instruction: Indicate whether securities are purchased from the issuer or a selling security holder.]</i> <b>ECAPITAL BOND CORP.</b>	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the sales person is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<b>3. Accredited investor status</b>	
You must meet at least <b>one</b> of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the sales person identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	

<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	

**4. Your name and signature**

By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.

First and last name (please print):

Signature:

Date:

**SECTION 5 TO BE COMPLETED BY THE SALESPERSON**

**5. Salesperson information**

*[Instruction: The sales person is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]*

First and last name of salesperson (please print):

Telephone:

Email:

Name of firm (if registered):

**SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**6. For more information about this investment**

For investment in a non-investment fund

*[Insert name of issuer/selling security holder]*  
*[Insert address of issuer/selling security holder]*

eCapital Bond Corp.  
 1220-155 University Avenue, Toronto,  
 Ontario M5H 3B7  
 Stephen McDonald  
 416-240-8310  
 Steve.McDonald@ecapital.com

*[Insert contact person name, if applicable]*

*[Insert telephone number]*

*[Insert email address]*

*[Insert website address, if applicable]*

For investment in an investment fund

*[Insert name of investment fund]*

*[Insert name of investment fund manager]*

*[Insert address of investment fund manager]*

*[Insert telephone number of investment fund manager]*

*[Insert email address of investment fund manager]*

*[If investment is purchased from a selling security holder, also insert the name, address, telephone number and email address of selling security holder here]*

**For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at [www.securities-administrators.ca](http://www.securities-administrators.ca).**

***Form instructions:***

1. *This form does not mandate the use of a specific font size or style but the font must be legible.*
2. *The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.*
3. *The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.*

**SCHEDULE C  
FORM OF GLOBAL DEBENTURE**

**[“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) RULE 144A UNDER THE U.S. SECURITIES ACT OR (2) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS IN THE UNITED STATES OR SECURITIES LAWS OF ANY OTHER APPLICABLE JURISDICTIONS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA. THE DEBENTURE TRUSTEE MAY REQUIRE CERTIFICATIONS AND/OR AN OPINION OF COUNSEL IN CONNECTION WITH ANY OFFER, SALE OR TRANSFER OF THE SECURITIES BY THE HOLDER HEREOF.”]**

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) DATE OF ISSUANCE, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.**

**THESE DEBENTURES ARE NON-TRANSFERRABLE AND MAY NOT BE TRANSFERRED BY THE HOLDER WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER.**

[This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture. Capitalized terms used and not otherwise defined herein shall have the meanings given them in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. (“CDS”) to eCapital Bond Corp. (the “Issuer”) or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.]

CUSIP [    ]

Series: [2]/[3]/[4] Debentures with interest rate of \_\_\_\_\_%      ISIN [    ]

No. [1]

\$\_\_\_\_\_ [CAD/USD]

ECAPITAL BOND CORP.

(A Issuer existing under the laws of Ontario)

SERIES [2]/[3]/[4] DEBENTURES

DUE [DATE]

eCapital Bond Corp. (the “Issuer” or the “Issuer”) for value received hereby acknowledges itself indebted and, subject to the provisions of the amended and restated trust indenture (the “Indenture”) dated as of April 14, 2022, as may be amended or supplemented, among the Issuer and Computershare Trust Company of Canada (the “Trustee”), promises to pay to the registered holder hereof on [DATE] (the “Maturity Date”) or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum set forth above in lawful money of [Canada/the United States of America] on presentation and surrender of this Series [2]/[3]/[4] Debenture at the main branch of the Trustee in Calgary, Alberta in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of [8.00% or \_\_\_\_\_% per annum/either (i) LIBOR plus 500 bps per annum or (ii) at the option of the Issuer upon providing the Debentureholder with 15 days prior written notice, six point five percent (6.5%) per annum] (based on a year of 365 days, or in the case of a leap year 366 days), in like money, in arrears in equal (with the exception of the first interest payment which will include interest from [January 15, 20xx] as set forth below) [monthly/quarterly] instalments (less any tax required by law to be deducted) on the 15th of each [month/April, July, October and January] (fifteen (15) days in arrears) in each year commencing on [January 15, 20xx] and the last payment (representing interest payable from the last Interest Payment Date to, but excluding, the Maturity Date or the earlier date of redemption, repayment or conversion) to fall due on the Maturity Date or the earlier date of redemption, repayment or conversion and, should the Issuer at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For certainty, the first interest payment will include interest accrued from [January 15, 20xx] to, but excluding [January 31, 20xx]. Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the mailing of such cheque or the sending of such electronic transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series [2]/[3]/[4] Debenture.

This Series [2]/[3]/[4] Debenture is one of the Series [2]/[3]/[4] Debentures (referred to herein as the “Series [2]/[3]/[4] Debentures”) of the Issuer issued or issuable in one or more series under the provisions of the Indenture. The Series [2]/[3]/[4] Debentures authorized for issue immediately are limited to an aggregate principal amount of up to \$500,000,000 in CAD or USD, subject to the Issuer’s right to temporarily increase this limit by up to an additional 7% for an aggregate period not to exceed six (6) months in any twelve (12) month period. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series [2]/[3]/[4] Debentures are or are to be issued and held and the rights and remedies of the holders of the Series [2]/[3]/[4] Debentures and of the Issuer and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Series [2]/[3]/[4] Debenture by acceptance hereof assents.

The Series [2]/[3]/[4] Debentures are issuable only in denominations of \$1,000 CAD or USD and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

This Series [2]/[3]/[4] Debenture may be redeemed at the option of the Issuer on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date and [unearned interest in respect of such Debentures owing from the Redemption Date to the Maturity Date/the lesser of (a) three (3) months of interest and (b) interest owing from the Redemption Date to the Maturity Date]. Interest accrued and unpaid on the Series [2]/[3]/[4] Debentures on the Redemption Date will be paid in cash as provided in the Indenture.

The indebtedness evidenced by this Series [2]/[3]/[4] Debenture, and by all other Series [2]/[3]/[4] Debentures now or hereafter certified and delivered under the Indenture, is a direct secured obligation of the Issuer.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series [2]/[3]/[4] Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of officers, directors and employees of the Issuer in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Series [2]/[3]/[4] Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Calgary, Alberta and in such other place or places and/or by such other registrars (if any) as the Issuer with the approval of the Trustee may designate. No transfer of this Series [2]/[3]/[4] Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Series [2]/[3]/[4] Debenture for cancellation. Thereupon a new Series [2]/[3]/[4] Debenture or Series [2]/[3]/[4] Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Series [2]/[3]/[4] Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture. The Series [2]/[3]/[4] Debentures are governed by the Indenture. If any of the provisions of this Series [2]/[3]/[4] Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Series [2]/[3]/[4] Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

IN WITNESS WHEREOF THE ISSUER has caused this Debenture to be signed by its authorized representatives as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ECAPITAL BOND CORP.

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

Name:

Title:

I have authority to bind the Issuer



**(FORM OF TRUSTEE’S CERTIFICATE)**

This Debenture is one of the Series [2]/[3]/[4] due [DATE] referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: \_\_\_\_\_  
Authorized Signing Officer

**(FORM OF REGISTRATION PANEL)**

(No writing hereon except by Trustee or other registrar)

<b>Date of Registration</b>	<b>In Whose Name Registered</b>	<b>Signature of Trustee or Registrar</b>

## FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ●, whose address and social insurance number, if applicable, are set forth below, this Series [2]/[3]/[4] Debenture (or \$● principal amount hereof\*) of eCapital Bond Corp. standing in the name(s) of the undersigned in the register maintained by the Issuer with respect to such Series [2]/[3]/[4] Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Series [2]/[3]/[4] Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee: \_\_\_\_\_ (Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

\*If less than the full principal amount of the within Series [2]/[3]/[4] Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Series [2]/[3]/[4] Debenture in a non-integral multiple of \$1,000, in which case such Series [2]/[3]/[4] Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series [2]/[3]/[4] Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Series [2]/[3]/[4] Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered holder

\_\_\_\_\_  
Name of Institution



**SCHEDULE D**

**Form of Redemption Notice  
ECAPITAL BOND CORP.**

**SERIES [2]/[3]/[4] DEBENTURES**

**REDEMPTION NOTICE**

To: Holders of Series [[2]/[3]/[4] Debentures (the “**Debentures**”) of eCapital Bond Corp. (the “**Issuer**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the “**Indenture**”) dated as of January 6, 2015, as may be amended or supplemented, among the Issuer and Computershare Trust Company of Canada (the “**Trustee**”), that the aggregate principal amount of \$\_\_\_\_\_ of the \$\_\_\_\_\_ of Debentures outstanding will be redeemed as of \_\_\_\_\_ (the “**Redemption Date**”), upon payment of a redemption amount of \$\_\_\_\_\_ for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$\_\_\_\_\_ (the “**Redemption Price**”), and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date and [unearned interest in respect of such Debentures owing from the Redemption Date to the Maturity Date/the lesser of (a) three (3) months of interest and (b) interest owing from the Redemption Date to the Maturity Date] in the aggregate amount of \$\_\_\_\_\_ for each \$1,000 principal amount of Debentures, being equal to the aggregate of \$\_\_\_\_\_ (collectively, the “**Total Redemption Price**”).

The Total Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

800, 324 - 8th Avenue SW  
Calgary, AB T2P 2Z2

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Total Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Total Redemption Price pursuant to the Indenture.

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Issuer shall, on the Redemption Date, make the delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, cash representing the balance of the Redemption Price.

All amounts to be paid, issued or delivered by the Issuer hereunder shall be reduced by any applicable taxes.

DATED:

**ECAPITAL BOND CORP.**

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

Name:

Title:

I have authority to bind the Corporation

## SCHEDULE E

### REGULATORS

<b>Alberta</b>	Alberta Securities Commission Suite 600, 250 – 5th Street SW Calgary, Alberta T2P 0R4 Telephone: (403) 297-6454 Toll free in Canada: 1-877-355-0585 Facsimile: (403) 297-2082	<b>Northwest Territories</b>	Government of the Northwest Territories Office of the Superintendent of Securities P.O. Box 1320 Yellowknife, Northwest Territories X1A 2L9 Attention: Deputy Superintendent, Legal & Enforcement Telephone: (867) 920-8984 Facsimile: (867) 873-0243
<b>British Columbia</b>	British Columbia Securities Commission P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Inquiries: (604) 899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: (604) 899-6581 Email: inquiries@bcsc.bc.ca	<b>Nova Scotia</b>	Nova Scotia Securities Commission Suite 400, 5251 Duke Street Duke Tower P.O. Box 458 Halifax, Nova Scotia B3J 2P8 Telephone: (902) 424-7768 Facsimile: (902) 424-4625
<b>Manitoba</b>	The Manitoba Securities Commission 500 – 400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Telephone: (204) 945-2548 Toll free in Manitoba: 1-800-655-5244 Facsimile: (204) 945-0330	<b>Nunavut</b>	Government of Nunavut Department of Justice Legal Registries Division P.O. Box 1000, Station 570, 1 <sup>st</sup> Floor Brown Building Iqaluit, Nunavut X0A 0H0 Telephone: (867) 975-6590 Facsimile: (867) 975-6594
<b>New Brunswick</b>	Financial and Consumer Services Commission (New Brunswick) 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Telephone: (506) 658-3060 Toll free in Canada: 1-866-933-2222 Facsimile: (506) 658-3059 Email: info@fcnb.ca	<b>Ontario</b>	Ontario Securities Commission 20 Queen Street West, 22nd Floor Toronto, Ontario M5H 3S8 Telephone: (416) 593- 8314 Toll free in Canada: 1-877-785-1555 Facsimile: (416) 593-8122 Email: exemptmarketfilings@osc.gov.on.ca Public official contact regarding indirect collection of information: Inquiries Officer
<b>Newfoundland and Labrador</b>	Government of Newfoundland and Labrador Financial Services Regulation Division P.O. Box 8700 Confederation Building, 2 <sup>nd</sup> Floor West Block, Prince Philip Drive St. John's, Newfoundland and Labrador A1B 4J6 Attention: Director of Securities Telephone: (709) 729-4189 Facsimile: (709) 729-6187	<b>Prince Edward Island</b>	Prince Edward Island Securities Office 95 Rochford Street, 4 <sup>th</sup> Floor Shaw Building, P.O. Box 2000 Charlottetown, Prince Edward Island C1A 7N8 Telephone: (902) 368-4569 Facsimile: (902) 368-5283

<b>Saskatchewan</b>	Financial and Consumer Affairs Authority of Saskatchewan Suite 601 - 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Telephone: (306) 787-5879 Facsimile: (306) 787-5899	<b>Québec</b>	Autorité des marchés financiers 800, Square Victoria, 22e étage, C.P. 246, Tour de la Bourse Montréal, Québec H4Z 1G3 Telephone: (514) 395-0337 or 1-877-525-0337 Facsimile: (514) 873-6155 (For filing purposes only) Facsimile: (514) 864-6381 (For privacy requests only) Email: <a href="mailto:financementdessocietes@lautorite.qc.ca">financementdessocietes@lautorite.qc.ca</a> (For corporate finance issuers); <a href="mailto:fonds_dinvestissement@lautorite.qc.ca">fonds_dinvestissement@lautorite.qc.ca</a> (For investment fund issuers)
<b>Yukon</b>	Government of Yukon Department of Community Services Law Centre, 3rd Floor 2130 Second Avenue Whitehorse, Yukon Y1A 5H6 Telephone: (867) 667-5314 Facsimile: (867) 393-6251		