

# **AVANTE LOGIXX INC.**

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**ANNUAL INFORMATION FORM**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2020**

**November 25, 2020**

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## **PRELIMINARY NOTES**

### **Currency**

Except where otherwise indicated, all references to currency in this Annual Information Form are to Canadian dollars.

### **Date of Information**

All information in this Annual Information Form is as of March 31, 2020, unless otherwise indicated.

### **Forward-Looking Statements**

This Annual Information Form contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information may include, but is not limited to, information with respect to the developments in Avante’s operations in future periods, the adequacy of Avante’s financial resources, costs and timing of development and Avante’s executive compensation approach and practice. Wherever possible, words such as “plans”, “expects” or “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify forward-looking information.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation, those described under “Risk Factors” which list is not exhaustive of the factors that may affect any of the Corporation’s forward-looking information. Although Avante has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Forward-looking information involves statements about the future and is inherently uncertain, and Avante’s actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this Annual Information Form under the heading “Risk Factors” and elsewhere in this Annual Information Form. In connection with the forward-looking statements contained in this Annual Information Form, the Corporation has made certain assumptions about its business and the industry in which it operates and has also assumed that no significant events occur outside of the Corporation’s normal course of business. Although the Corporation believes that the assumptions inherent in the forward-looking statements are reasonable as of the date of this Annual Information Form, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein. Avante’s forward-looking information is based on the beliefs, expectations and opinions of management of the Corporation on the date the statements are made, and the Corporation does not assume any obligation to update forward-looking information, whether as a result of new information, future events or otherwise, other than as required by applicable law. For the reasons set forth above, prospective investors should not place undue reliance on forward-looking information.

### **Industry and Market Data**

Unless otherwise indicated, information contained in this Annual Information Form concerning Avante’s

business and the industry and markets in which Avante operates, including the Corporation's general expectations and market position and opportunity, is based on information from independent industry analysts and third party sources and other industry publications, surveys and forecasts and Avante's internal research and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third party sources, as well as data from Avante's internal research, and are based on assumptions made by the Corporation based on such data and its knowledge of its industry and markets, which the Corporation believes to be reasonable. None of the sources cited in this Annual Information Form has consented to the inclusion of any data from its reports, nor has Avante sought their consent. The Corporation's internal research has not been verified by any independent source, and the Corporation has not independently verified any third-party information. While Avante believes the market position and opportunity information included in this Annual Information Form is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of Avante's future performance and the future performance of their industry and the markets in which they operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the "RISK FACTORS" section of this Annual Information Form and elsewhere in this Annual Information Form. These and other factors could cause results to differ materially from those expressed in the estimates made by third parties or by the Corporation.

Any logos or other trademarks mentioned in this Annual Information Form are the property of their respective owners.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form:

**“2020 AGM”** means the annual general and special meeting of holders of Common Shares held on September 17, 2020;

**“ASAP”** means A.S.A.P Secured Inc. a wholly-owned, direct subsidiary of Avante, which was amalgamated with Logixx Security Inc., another wholly-owned subsidiary of Avante, pursuant to articles of amalgamation effective April 1, 2020. The amalgamated entity continues business as Logixx Security Inc;

**“Audit Committee Charter”** means the charter of the Corporation’s audit committee, a copy of which is attached to this Annual Information Form as Schedule “A”;

**“Avante”** or the **“Corporation”** or the **“Company”** means Avante Logixx Inc. and, unless the context otherwise requires, includes its subsidiaries on a consolidated basis;

**“Avante Control Centre”** or **“ACC”** is Avante’s central monitoring, dispatch and response centre for all forms of alarm signals, wireless or landline and calls for assistance, and is designed to provide immediate response to client concerns;

**“Avante Security”** means, for the period on and prior to March 31, 2016, Avante Security Inc., a wholly-owned, direct subsidiary of Avante, and means for the period commencing April 1, 2016, the corporation formed pursuant to articles of amalgamation effective April 1, 2016 under which Avante Security Inc. and LVS Inc. amalgamated to form ‘Avante Security Inc.’;

**“Board”** means the board of directors of Avante;

**“CBCA”** means the *Canada Business Corporations Act*;

**“City Wide”** means City Wide Locksmiths Ltd., a majority-owned, direct subsidiary of Avante until September 30, 2020;

**“Code”** means the Corporation’s amended and restated code of business conduct and ethics, effective as of July 26, 2019;

**“Common Shares”** means the common shares in the capital of Avante;

**“Compensation Committee Charter”** means the charter of the Corporation’s compensation committee, a copy of which is attached to this Annual Information Form as Schedule “C”;

**“Convertible Debentures”** means the unsecured convertible debentures issued by the Corporation to certain affiliates of Fairfax that are convertible into Common Shares as described in “DESCRIPTION OF BUSINESS – Financing Arrangements”;

**“Corporate Governance and Nominating Committee Charter”** means the charter of the Corporation’s corporate governance and nominating committee, a copy of which is attached to this Annual Information Form as Schedule “B”;

**“Eligible Participants”** has the meaning given to such term under “DESCRIPTION OF SHARE CAPITAL – Stock Option Plan”;

**“Fairfax”** means Fairfax Financial Holdings Limited;

**“Guidelines”** means National Policy 58-201 – *Corporate Governance Guidelines*;

**“Intelligarde”** means Intelligarde International Inc., and that was renamed as Logixx Security Inc. on July 4, 2019;

**“Intelligarde Share Purchase Agreement”** has the meaning given to such term under “GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History –Year-ended March 31, 2019”;

**“Investment Committee Charter”** means the charter of the Corporation’s Investment Committee, a copy of which is attached to this Annual Information Form as Schedule “D”;

**“Logixx Security”** means Logixx Security Inc., the direct, wholly-owned subsidiary of Avante, formerly named Intelligarde prior to July 4, 2019;

**“NI 52-110”** means National Instrument 52-110 – *Audit Committees*;

**“OBCA”** means the *Business Corporations Act* (Ontario);

**“Option Plan”** means the amended and restated 10% rolling stock option plan adopted by the Corporation on July 7, 2015 and ratified by the shareholders of the Corporation at the 2020 AGM;

**“Options”** means options to acquire Common Shares issued pursuant to the terms and conditions of the Option Plan;

**“QT”** has the meaning given to such term under “CORPORATE STRUCTURE – Name and Corporate History”;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval in Canada, which can be accessed at [www.sedar.com](http://www.sedar.com); and

**“TSXV”** means the TSX Venture Exchange.

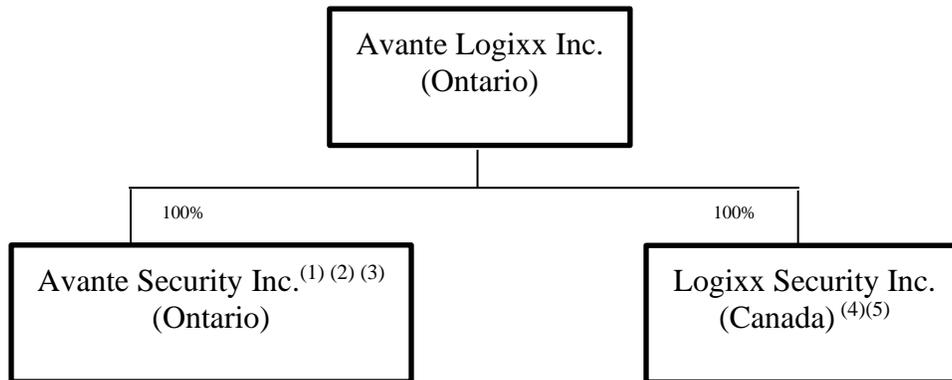
## CORPORATE STRUCTURE

### Name and Corporate History

The Corporation was incorporated under the *Business Corporations Act* (Ontario) (“OBCA”) on May 19, 2006 as “Matiadeka Ventures Inc.” Effective March 31, 2008, all of the shares of Avante Security Inc. were acquired in consideration for the issuance of shares of the Corporation. This acquisition represented the completion of the Corporation’s arm’s length qualifying transaction (“QT”) pursuant to the policies of the TSX Venture Exchange (the “TSXV”). Prior to the closing of the QT, on August 15, 2006, articles of amendment for the Corporation were filed to remove certain restrictions on the issue, transfer and ownership of shares. Subsequent to the closing of the QT, on April 3, 2008, articles of amendment were filed for the Corporation to change its name from “Matiadeka Ventures Inc.” to “Avante Security Corp.” On October 6, 2010, articles of amendment were filed to further change the name of the Corporation from “Avante Security Corp.” to its current name, “Avante Logixx Inc.” On October 29, 2018, Avante filed articles of amendment to complete a consolidation of its Common Shares on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares. Avante’s registered and head office is located at 130 Bloor Street West, Suite 601, Toronto, Ontario, M5S 1N5.

### Intercorporate Relationships

As of October 1, 2020, Avante operates its business through two wholly-owned operating subsidiaries, as set out below. The percentages represent the percentage of voting securities of each subsidiary owned by Avante and the jurisdiction of incorporation of each subsidiary is set out in brackets below:



Notes:

- (1) This is the amalgamated entity formed pursuant to articles of amalgamation effective April 1, 2016 whereby Avante’s two wholly owned subsidiaries, namely Avante Security Inc. and LVS Inc., amalgamated to form Avante Security Inc., a wholly owned, direct subsidiary of Avante.
- (2) This is the amalgamated entity formed pursuant to articles of amalgamation effective April 1, 2018 whereby Avante’s two wholly owned subsidiaries, namely Avante Security Inc. and INTO Electronics Inc. amalgamated to form Avante Security Inc., a wholly owned, direct subsidiary of Avante. See “GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History Year-ended March 31, 2019”.
- (3) This is the amalgamated entity formed pursuant to articles of amalgamation effective October 1, 2018 whereby Avante’s three wholly owned subsidiaries, namely Avante Security Inc., Architronics Limited and Watermark Security Inc. amalgamated to form Avante Security Inc., a wholly owned, direct subsidiary of Avante. See “GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History –Year-ended March 31, 2019”.
- (4) This is the amalgamated entity formed pursuant to articles of amalgamation effective December 2, 2019 whereby Avante’s two wholly owned subsidiaries, namely Logixx Security Inc. (formerly known as Intelligarde International Inc.) and Veridin Systems Canada Inc., amalgamated to form Logixx Security Inc., a wholly owned, direct subsidiary of Avante.
- (5) In March 2020, Logixx Security was continued from an OBCA corporation to a CBCA corporation. This is the amalgamated entity formed pursuant to articles of amalgamation effective April 1, 2020 whereby Avante’s two wholly owned subsidiaries, namely Logixx Security Inc. and A.S.A.P. Secured Inc. amalgamated to form Logixx Security Inc., a wholly owned, direct subsidiary of Avante.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Corporation History

The Corporation began operations in 1996, initially focused on providing security services to residential customers in central Toronto Ontario. Through several acquisitions and organic growth initiatives, the Corporation's activities have expanded within two platforms, or divisions, Avante Security and Logixx Security, summarized below with additional descriptions provided under "DESCRIPTION OF BUSINESS" of this Annual Information Form:

#### **Avante Security:**

100% owned Avante Security is focused on providing security services to ultra-high-net-worth residential customers in Toronto and Muskoka, Ontario. The business started in 1996 and reflects the activities of prior acquisitions that are now operating under one leadership team and one legal entity. INTO-Electronics Inc. was acquired on August 22, 2014 and legally amalgamated into Avante Security on April 1, 2018. LVS Inc. was acquired on April 1, 2015 and legally amalgamated into Avante Security on April 1, 2016. 51% of the outstanding common shares of Architronics Limited ("Architronics") was acquired on March 1, 2017, the remaining 49% of the outstanding common shares were acquired on July 16, 2018 and Architronics was legally amalgamated into Avante Security on October 1, 2018. Watermark Security Inc. ("Watermark") was acquired on August 1, 2018 and was legally amalgamated into Avante Security on October 1, 2018.

#### **Logixx Security:**

100% owned Logixx Security focuses on providing enterprise customers (for example, corporations and municipalities) with security solutions across Canada. The division reflects the activities of prior acquisitions that are now operating under one leadership team and one legal entity. Intelligarde International Inc. ("Intelligarde") was acquired on November 30, 2018, Veridin Systems Canada Inc. ("Veridin") was acquired on September 17, 2018 and A.S.A.P. Secured Inc. ("ASAP") was acquired on December 1, 2019. Intelligarde was renamed as Logixx Security on July 4, 2019, Veridin legally amalgamated into Logixx Security on December 2, 2019 and ASAP legally amalgamated into Logixx Security on April 1, 2020.

### Three Year History

#### *Year-ended March 31, 2018*

Effective July 23, 2017, Emmanuel Mounouchos resigned from his position as director of the Corporation and member of the Corporate Governance and Nominating Committee.

On September 25, 2017, George Rossolatos, Chief Executive Officer, informed the Board of his decision to step down to pursue another business opportunity outside the security industry effective December 21, 2017.

On October 23, 2017, Avante announced the appointment of Rodney Wechsler, Chief Operating Officer, as interim Chief Executive Officer.

On December 4, 2017, Craig Campbell acquired 1,888,000 Common Shares (9,440,000 on a pre-consolidated basis) at an average price of \$1.9795 (\$0.3959 on a pre-consolidated basis). Following this acquisition of Common Shares, Craig Campbell's holdings increased to 2,768,300 Common Shares

(13,841,500 on a pre-consolidated basis), representing approximately 17% of the total number of issued and outstanding Common Shares at that time.

On January 10, 2018, the Corporation appointed Craig Campbell as Chief Executive Officer, replacing Rodney Wechsler, and to the Board. In connection with his appointment, the Corporation granted a total of 800,000 Options (4,000,000 on a pre-consolidated basis) to Craig Campbell, vesting equally over four years following the grant date.

On January 10, 2018, the Corporation also appointed Andrew (Drew) Coles as a director of the Corporation.

### ***Year-ended March 31, 2019***

Effective April 1, 2018, the Corporation amalgamated two of its wholly owned subsidiaries, Avante Security Inc. and INTO Electronics Inc., into one wholly owned subsidiary known as Avante Security Inc.

On April 3, 2018, the Corporation announced an internal corporate reorganization and plans for further reorganization of the business operations into “strategic business units” structured principally by operating categories rather than by brand groups. It was intended that each strategic business unit of the Corporation would have meaningful scale, a clearly defined portfolio role and targets for growth tied to its role in the enterprise and the scope of its marketplace opportunities. In addition, Rodney Wechsler announced his resignation as Chief Operating Officer of the Corporation to pursue other opportunities.

On April 4, 2018, Avante granted 15,000 Options (75,000 on a pre-consolidated basis) to Drew Coles at an exercise price of \$1.85 per Option (\$0.37 on a pre-consolidated basis).

On April 30, 2018, Avante announced new appointments to its senior leadership team. Emmanuel Mounouchos was appointed as “Special Advisor to the CEO”, Nedim Akcali was appointed as “Vice President & General Manager, Electronic Security Division”, and Bryan Kelly was appointed as “Vice President & General Manager, Protective Services Division.”

On June 12, 2018, Avante announced the closing of a “bought deal” public offering of 4,312,500 Common Shares (21,562,500 on a pre-consolidated basis) at a price of \$2.00 per Common Share (\$0.40 on a pre-consolidated basis) for aggregate gross proceeds of \$8,625,000. This offering was underwritten by Cormark Securities Inc. and Canaccord Genuity. These funds were to be used for future acquisitions and operational requirements.

Effective June 27, 2018, Avante announced the resignation of Rose Baker from the Board.

On July 16, 2018, Avante announced that it had executed a share purchase agreement with Entrevision Inc. to acquire the remaining 49% of Architronics Limited in consideration for cash and Common Shares. As per the terms of the share purchase agreement, Entrevision received: (i) a cash payment of \$294,000; and (ii) 140,000 Common Shares (700,000 on a pre-consolidated basis) (representing \$294,000 based on a negotiated price per Common Share of \$2.10 (\$0.42 on a pre-consolidated basis)).

In conjunction with the acquisition of Architronics Limited, Matthew Grossman transitioned from his role as President of Architronics Limited to serving as an independent advisor to Avante.

On August 7, 2018, effective August 1, 2018, Avante announced that it had executed a share purchase agreement with Watermark Security Inc. (“Watermark”) to purchase all of the outstanding shares of Watermark. This transaction was settled for a cash consideration of \$500,000 of which \$50,000 was to be

held back against warranties and representations. As part of this transaction, Watermark's President, Doug Clendenan, remained with Avante as "Manager, Muskoka Region." Doug Clendenan subsequently announced his resignation effective September 2, 2019 to pursue other opportunities. Watermark was amalgamated with Avante Security effective October 1, 2018.

On September 18, 2018, Avante announced that it had executed a share purchase agreement, effective September 17, 2018, with 1245893 Ontario Inc. and Vision Dynamics CCTV Inc. to purchase all of the outstanding shares of Veridin Systems Canada Inc. The total purchase price of the transaction was \$2,430,823, payable in (i) \$1,930,823 cash at closing, of which \$125,000 is held in escrow for one year following the closing of the transaction; and (ii) \$500,000 of Common Shares, for an aggregate of 238,095 Common Shares (1,190,476 on a pre-consolidated basis). The transaction was completed on September 18, 2018. In respect of the Veridin acquisition, an amount of \$95,000 is held in escrow in respect of certain representations and warranties of the vendors to be released on the first anniversary following the closing date and discussions and litigation proceedings continue with the vendors of Veridin to settle this escrow amount.

On September 19, 2018, Avante granted 155,000 Options (775,000 on a pre-consolidated basis), each with an exercise price of \$2.25 per Option (\$0.45 on a pre-consolidated basis) to certain key employees.

On September 20, 2018, Avante announced that the Royal Bank of Canada had approved credit lines which included \$10 million to finance future acquisitions, a revolving operating line of \$2 million to be used for working capital and general operating requirements, and a VISA facility of \$300,000 to cover operating expenses. A formal credit agreement outlining the terms and conditions was finalized and signed by the Corporation on November 23, 2018.

On September 20, 2018, effective September 19, 2018, Avante announced that its shareholders had approved the following measures at the 2018 annual general and special meeting of holders of Common Shares held on September 18, 2018: (i) to set the number of directors at seven (7); (ii) to appoint BDO Canada LLP as auditor of the Corporation for the 2019 fiscal year; (iii) the election of directors; (iv) the ratification of the Option Plan; and (v) the approval of a consolidation of all of the Common Shares at a ratio of up to eight (8) (subsequently revised to five (5)) pre-consolidation Common Shares to one (1) post-consolidation Common Share. The newly appointed Board consisted of: Leland Verner (Chair), Craig Campbell, Drew Coles, Joseph Leeder, Elizabeth Cynthia Tripp, Carol Osler, and Stewart Lyons.

On September 27, 2018, Avante announced a strategic partnership and investment with 3|Sixty Secure Corp., a cannabis security solutions provider. As part of a memorandum of understanding, Avante will be 3|Sixty Secure Corp's preferred partner for services ancillary to the cannabis industry, such as: executive security and residential services, integrated security systems and risk management, and due diligence services related to employees and contractors. Pursuant to this arrangement, Avante will refer business to 3|Sixty Secure Corp on a preferred basis for a number of services relating to the cannabis industry, including supply chain transport and on-site guarding security of cannabis facilities. Avante has also agreed to invest \$1 million in a private placement offering to be completed by 3|Sixty Secure Corp.

Effective October 2, 2018, Avante hired Scott Goodman as Chief People and Legal Affairs Officer and granted him 200,000 Options (1,000,000 on a pre-consolidated basis) at an exercise price of \$2.25 (\$0.45 on a pre-consolidated basis).

On October 25, 2018, effective October 29, 2018, Avante announced it had completed the previously approved consolidation of Common Shares on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares. This reduced the Corporation's issued and outstanding Common Shares from 105,578,361 to 21,115,672.

On November 1, 2018, Avante announced the appointment of Francis Michaud as Avante's Interim CFO and Senior Vice President, Finance as result of the resignation of Raghu Sampath as Avante's CFO. Raghu Sampath aided in the transition of responsibilities to Francis Michaud.

On November 1, 2018, Avante appointed RSM Canada LLP as auditor of the Corporation for the 2019 fiscal year. BDO Canada LLP, resigned as auditor for the Corporation on the same day.

On November 12, 2018, Avante announced that it had entered into a share purchase agreement to acquire Intelligarde International Inc. ("**Intelligarde**") for total consideration of \$4,750,000 to be paid in cash (the "**Intelligarde Share Purchase Agreement**"). Intelligarde is a commercial security services provider that offers high- and low-profile security guards and patrols, as well as numerous complementary security services in Ontario. On June 21, 2019, Intelligarde's name was changed to Logixx Security Inc.

In respect of the Intelligarde acquisition, an amount of \$712,500 is held in escrow as a guarantee against certain representations and warranties provided by the vendors and was payable at the first anniversary following the closing date. Discussions continue with the vendors of Intelligarde to settle this escrow amount

Effective November 28, 2018, Avante hired Dan Marston as Senior Vice President, Sales and Business Development and granted him 100,000 Options at an exercise price of \$2.10.

#### *Year-ended March 31, 2020*

On May 29, 2019, Avante retained INFOR Financial Inc. pursuant to an agreement for market making services for a fee of \$5,000 per month. INFOR will trade the Common Shares of Avante for the purpose of maintaining an orderly market and to provide liquidity for the Common Shares. That agreement was terminated by the Corporation in February 2020 effective March 31, 2020.

On July 4, 2019, Avante announced that Intelligarde has officially changed its name to Logixx Security Inc. ("**Logixx Security**") and that it commenced combining the operations of Veridin Systems Canada Inc. with Logixx Security to create an enterprise-level security firm, with a focus on large, national accounts where security is mission-critical. The combination of Intelligarde and Veridin Systems Canada Inc., to be fully integrated and rebranded into Logixx Security, was expected to be completed during the Fall of 2019. Prior to completion of the integration, Logixx Security continued to operate under the business name of "Intelligarde".

On July 9, 2019, Avante announced that it had entered into an exclusive distribution agreement with 3SI Security Systems. Under the distribution agreement, Avante offers 3SI Security Systems' advanced asset protection and recovery technology to residential clients looking to safeguard high-end assets. 3SI Security Systems' GPS tracking systems are industry-leading and widely deployed in retail and financial institutions throughout the world. The distribution agreement gives Avante the exclusive rights to 3SI Security Systems' product line within the Canadian residential market.

On October 1, 2019, Avante announced that its shareholders had approved the following measures at the 2019 AGM: (i) the election of directors; (ii) the appointment of RSM Canada LLP as auditor of the Corporation for the 2020 fiscal year; and (iii) the ratification of the Corporation's Stock Option Plan. The newly appointed Board consisted of: Drew Coles (Chair), Craig Campbell, Joseph Leeder, Elizabeth Cynthia Tripp, Carol Osler, Stewart Lyons, and Sam Duboc. Leland Verner retired from the Board and as Chairman after 16 years of service to the Corporation and its shareholders.

On November 14, 2019, Avante announced that it entered into an agreement dated November 13, 2019, pursuant to which Fairfax Financial Holdings Limited ("**Fairfax**"), through certain of its subsidiaries, would

invest up to \$18 million in Avante through a private placement of unsecured convertible debentures (the “**Convertible Debentures**”). The final amount drawn under the Convertible Debentures was \$8,264,000 (see a description of the Convertible Debentures provided under “DESCRIPTION OF BUSINESS – Financing Arrangements” of this Annual Information Form). Canaccord Genuity Corp. acted as financial advisor to the Corporation in connection with the private placement of the Convertible Debentures and was paid an advisory fee of \$100,000.

On November 14, 2019, Avante announced that had entered into a definitive share purchase agreement dated November 13, 2019 to acquire all of the issued and outstanding shares of A.S.A.P. Secured Inc. (**ASAP**) from AFIMAC Canada Inc. (“AFIMAC”) and Dalton First Financial Inc. (“DFF”), subject to certain closing conditions, for total consideration of \$10,500,000, subject to a post-closing working capital adjustment and holdback, on a cash free and debt free basis. Avante further announced it would use a mix of cash on hand, a promissory note in favour of DFF and AFIMAC, and proceeds from its Convertible Debenture financing to fund the acquisition and that the transaction was expected to close on or about December 1, 2019, subject to the fulfilment or waiver of certain customary closing conditions. At the time of purchase, ASAP was a national provider of physical security services with a focus on industrial and national account security solutions with operations across Canada, licensed in eight provinces and employing approximately 800 team members across Canada. In conjunction with Avante’s acquisition of ASAP, Han Koren, President of ASAP joined Avante as President, Logixx Security Inc.

Effective November 20, 2019, Elizabeth Cynthia Tripp resigned from the Board.

On November 27, 2019, Avante announced that it had closed the First Tranche of its private placement offering of the Convertible Debentures described above.

On December 1, 2019 Avante closed its previously reported acquisition of all the issued and outstanding shares of ASAP.

On December 9, 2019 Avante announced that Drew Coles, Independent Chair of the Board of Directors, had accepted a new position with a global advisory firm and due to potential conflicts of interest was resigning from the Board effective December 31, 2019. Avante further announced that Sam Duboc was being appointed Chair of the Board until the next Annual General Meeting.

On January 20, 2020, the Corporation hired Stephen Rotz as Chief Financial Officer and granted him 200,000 Options at an exercise price of \$1.55 per share.

### ***Developments since March 31, 2020***

Effective April 1, 2020, the Corporation amalgamated two of its wholly owned subsidiaries, Logixx Security Inc., an OBCA company, and A.S.A.P. Secured Inc., a CBCA company, into one wholly owned subsidiary known as Logixx Security Inc. continuing as a CBCA company.

On April 2, 2020, the Corporation’s bank increased the revolving credit facility limit by \$1 million to a new limit of \$3 million and the \$10 million acquisition credit facility was capped at the amount of drawings in effect at that date of \$4,985,022.

On August 10, 2020, the Corporation announced its intention to sell the Corporation’s ownership interest in City Wide on or before September 30, 2020. The sale price for the 70% interest is expected to be \$2,341,500, of which \$1,800,000 will be paid on closing, \$450,000 represents an interest-bearing vendor take back note payable over five years from the date of closing and \$91,500 has already been received.

On September 18, 2020, the Corporation announced that its shareholders had approved the following measures at the 2020 AGM: (i) the election of directors; (ii) the appointment of RSM Canada LLP as auditor of the Corporation for the 2021 fiscal year; and (iii) the ratification of the Corporation's Stock Option Plan. The newly appointed Board consisted of: Sam Duboc (Chair), Craig Campbell, Joseph Leeder, Carol Osler and Stewart Lyons. The Corporation also announced that a special resolution proposed by a shareholder of the Corporation did not pass during the 2020 AGM.

On September 18, 2020, the Corporation announced that the Board appointed Andrea Fiederer as director effective September 17, 2020.

On September 30, 2020, the Corporation announced that it had closed the previously announced sale of its 70% ownership interest in City Wide.

On October 19, 2020, the Corporation announced that the Board appointed Jean Taillon as a strategic advisor to the Board effective October 19, 2020 with the intention of proposing that he become a full board member during the Corporation's next annual general meeting.

On October 14, 2020, the Corporation awarded Geoff Reed, divisional president of Avante Security, 50,000 Stock Options at a strike price of \$1.55 per share.

Pursuant to an amended and restated credit agreement dated November 20, 2020, the Corporation's revolving credit facility limit was increased by \$2 million, to a new limit of \$5 million. In addition, the date when the ratio of debt owing to the bank versus Adjusted EBITDA (as defined in the credit agreement) tightens from 3.50 times down to 3.00 times was delayed from March 31, 2021 to June 30, 2021. The bank also confirmed that the \$10 million acquisition credit facility, which was capped at the amount of drawings in effect on April 2, 2020 of \$4,985,022, will again become fully available once the Corporation regains compliance with the financial covenants set out in the credit agreement.

On November 25, 2020 Craig Campbell, Chief Executive of the Corporation, was awarded 200,000 performance stock units payable on March 31, 2023 at the Corporation's 30-day volume weighted average ("VWAP") share price in effect at that time, scaled downward to 0% payout if that VWAP is less than \$3.39 per share, 50% payout if greater than or equal to \$3.39 per share, 75% payout if greater than or equal to \$3.75 per share or 100% payout if greater than or equal to \$4.00 per share.

### **Strategy and Expectations for the Remainder of the Fiscal Year-Ended March 31, 2021**

The Corporation's strategy is to acquire, manage and build industry-leading security businesses in dedicated subsidiaries, with an emphasis on seeking acquisition opportunities that provide a foundation for profitable, sustainable growth. Management of the Corporation aims to reinforce this position with technology-enabled security solutions and a one-stop shop for residential customers and for large, national, security conscious commercial clients. Management of the Corporation believes that providing a one-stop shop for all security needs is a unique value proposition to many large, national commercial clients that find it cumbersome to work with multiple service providers across the country.

The Corporation has identified six verticals within the security industry that it intends to focus on. These are as follows: Protective services; Monitoring and managed services; Electronic security/automation; Security devices and hardware; Investigation and intelligence; and Cyber security. Currently, most of the Corporation's revenue is based on protective services, monitoring and managed services and electronic security / automation, but the Corporation remains focused on developing its business across all six of these verticals.

The Corporation's long-term strategy is focused on operating and acquiring high performing assets, investing in top talent to drive growth and financial results, and deploying capital with an outlook to achieve superior returns for our customers and shareholders by making strategic acquisitions, growing organically (add new customers, expand services from local to national with existing customers and cross sell additional services and technologies) and improving business operations. The Corporation's long-term financial objectives are:

- Invest in platform and tuck-in acquisitions as described above;
- Achieve consolidated Adjusted EBITDA margins consistent with its industry;
- Achieve growth in adjusted net income per share;
- Reinvest cashflow in future business growth; and
- Target a ratio of Net Senior Debt to Adjusted EBITDA consistent with its industry.

## **DESCRIPTION OF THE BUSINESS**

### **Corporation Overview**

The Corporation develops and provides security technologies, products, solutions and services for personal, residential homes and condominiums and commercial or enterprise customers. All of these activities are conducted through two, directly held, wholly-owned subsidiaries: Avante Security and Logixx Security. The Corporation's common shares are listed on the TSX Venture Exchange under the symbol XX.V (OTC: ALXXF).

Up to and including the third quarter ended December 31, 2019, the Corporation identified and measured the results of operations by segments based on type of service consisting of Protective Services, Electronic Security and Monitoring & Managed Services as described below:

### **Protective Services**

The Corporation's Protective Services are focused on offering physical protection to residential, commercial and enterprise clients. Services include guarding, patrol and rapid response, intelligent perimeter protection, secure transport, and international security travel advisory and transport. These services are predominately contractual and recur on a monthly basis.

### **Electronic Security**

The Corporation's Electronic Security services provides a complete suite of home and corporate security services including system design, access control, and video and systems installation and service. These sophisticated security systems are comprised of computer software and hardware and third-party wireless and locating technologies. The Corporation conducts a security assessment of each customer site and provides various recommendations that range from security industry standards to the Corporation's recommended highly secure system design. The installation of the security system is performed by the Corporation's qualified technical staff and, as required, by approved third party sub-contractors. Revenues for this business unit are largely project driven, thus revenues from quarter to quarter, and year to year, will vary depending on the timing of project milestones being achieved. There is some seasonality to the residential (i.e. Avante Security) portion of Electronic Security activities as such clients typically schedule project work outside the summer months and year end holiday season.

## **Monitoring & Managed Services**

The Corporation's Monitoring & Managed Services provides monitoring services to residential, commercial and enterprise clients. These services include alarm and video monitoring, analytics, verification, and electronic building management. The Corporation utilizes its Avante Control Centre ("ACC") in Toronto as the central hub for monitoring, dispatch, and response. The ACC operates 24 hours a day, 365 days a year.

Monitoring services are provided through multiple channels using various technologies and equipment. Applications of these services include virtual video patrols of physical locations including, for example, buildings, stores, malls, parking lots, municipal centres and hotels. Architects and builders use the services to view project progress from remote locations and homeowners station operators can view sites when alarm signals are received.

Alarm signals are communicated simultaneously through traditional landline facilities to a primary response centre and wirelessly to the ACC. The primary response centre is operated by Underwriters Laboratories of Canada ("ULC") approved third party. The ULC is an independent, non-profit standards development organization for product safety testing, certification and inspection.

Avante Security's Dual Monitoring service provides both traditional ULC Digital Monitoring and real-time wireless monitoring. Both signals are received at our ACC, which has the superior benefit of wireless "anytime anyplace" communication, allowing immediate response to an alarm signal. The Corporation's response vehicles physically arrive at the residential clients' premises, typically, within six minutes on average within the Toronto region.

The monitoring function is provided by physical on-site inspections and can also be monitored remotely via closed circuit television ("CCTV") and web-cameras. CCTV systems are installed to monitor multiple locations concurrently and to provide a visual record in the event of an incident.

### ***Description of Divisions***

During the fourth quarter ended March 31, 2020, the Corporation's management determined that the Corporation's operating segments were now organized into three (two as of September 30, 2020) divisions consisting of Logixx Security and Avante Security grouped primarily with reference to the nature of the type of customer serviced.

#### **Logixx Security**

Logixx Security focuses on providing enterprise customers with Protective Services, Electronic Security and Monitoring & Managed Services across Canada. The division reflects the activities of prior acquisitions that are now operating under one leadership team and one legal entity. Intelligarde was acquired on November 30, 2018, Veridin Systems Canada Inc. was acquired on September 17, 2018 and ASAP was acquired on December 1, 2019. Intelligarde was renamed as Logixx Security on July 4, 2019, Veridin Systems Canada Inc. legally amalgamated into Logixx Security on December 2, 2019 and ASAP legally amalgamated into Logixx Security on April 1, 2020.

#### **Avante Security**

Avante Security focuses on providing residential customers with Protective Services, Electronic Security, Monitoring & Managed services and Security Devices & Hardware services within central Toronto and Muskoka, Ontario.

The division reflects the activities of prior acquisitions that are now operating under one leadership team and one legal entity. INTO-Electronics Inc. was acquired on August 22, 2014 and legally amalgamated into Avante Security on April 1, 2018. LVS Inc. was acquired on April 1, 2015 and legally amalgamated into Avante Security on April 1, 2016. 51% of the outstanding common shares of Architronics Limited (“Architronics”) were acquired on March 1, 2017, the remaining 49% of the outstanding common shares were acquired on July 16, 2018 and Architronics was legally amalgamated into Avante Security on October 1, 2018. Watermark Security Inc. was acquired on August 1, 2018 and was legally amalgamated into Avante Security on October 1, 2018.

Since its inception in 1996, Avante Security built its reputation in the security industry by providing premium security services through the use of advanced technology and a focus on client service. Avante Security provides a complete suite of security services ranging from system design, sales, installations, and monitoring to services such as alarm response, patrols, personal protection and secure transportation. Avante Security offers a complete suite of smart home automation options. Avante Security’s signature offerings are its ‘Rapid Alarm Response’ and ‘Intelligent Perimeter Protection Video Analytics’ services. Avante Security also provides extensive commercial offerings, which includes closed-circuit television (“CCTV”), access controls and security services for travelling executives.

Avante Security recognized that in order to become a security industry leader, advanced technology was required to facilitate faster and more reliable communication. Avante Security established its own research and development group to develop various security related technology, including the SmartBoxx. This is a communication gateway that multitasks and converts electronic signals, data and measurement of all forms (wired and wireless) to a wireless format and transmits, without the need of a personal computer and an internet connection. The use of this new technology in the security business meant that alarm signals could now be delivered immediately and directly to Avante Security’s 24/7 monitoring centre, the Avante Control Centre and its ‘Mobile Alarm Response Team’, providing an industry leading response time of six minutes or less on average from the time an alarm is tripped within certain geographies.

### **Revenues**

Avante’s consolidated revenues for the fiscal years ended March 31, 2020 and 2019 were \$55.7 million and \$32.1 million respectively. During the fiscal period ended March 31, 2020 (“Fiscal 2020”), the revenues by division were as follows (such divisional reporting was introduced during late Fiscal 2020 and therefore comparative information is not available):

	Fiscal Year Ended March 31, 2020 (\$millions)
Logixx Security	\$32.7
Avante Security	17.1
City Wide <sup>(a)</sup>	5.9
Total revenues	<u>\$55.7</u>

(a) The Company sold its 70% interest in City Wide on September 30, 2020.

Prior to new divisional reporting introduced during the fourth quarter of fiscal 2020, the Corporation reported revenues by service type, the composition of which was as follows during Fiscal 2020 and Fiscal 2019:

	Fiscal Year Ended March 31, 2019 (\$millions)	Fiscal Year Ended March 31, 2020 (\$millions)
Protective Services	\$12.4	\$35.2
Electronic Security	9.7	10.9
Monitoring & Managed Services	3.4	3.7
Security Devices & Hardware <sup>(b)</sup>	6.6	5.9
Total revenues	\$32.1	\$55.7

*(b) The Company sold its 70% interest in City Wide on September 30, 2020. City Wide represented virtually all of the Corporation's revenue included within Security Devices & Hardware.*

## Competition

The market for professional home and commercial security and other safety related services is highly fragmented and very competitive, and customers are well aware of similar offerings across the market. While competition is relatively less intense in the high-end residential segment, in the rest of the residential and commercial segments, the Corporation's competition includes large national providers, cable and telecommunication companies that have entered the market, and other small service providers. The Corporation is able to compete effectively based on its customer service and providing customized solutions at reasonable rates.

While innovation, product sophistication, do-it-yourself offerings and the adoption of convenience and home automation technologies continue to accelerate, Avante's management considers these opportunities for the Corporation. These evolving market dynamics provide the Corporation opportunities to increase overall industry household and corporate customer penetration and reach customers that were previously less interested in monitored solutions.

## Sales and Distribution

Each division of the Corporation has a team of highly experienced security consultants who meet potential customers to discuss their security needs, and then come up with solutions that are specific to those needs. These teams are capable of handling simple installations with minimum hardware and monitoring requirements, the takeover and upgrade of existing systems, and the design and installation of complex security solutions. The Corporation has distinct teams to handle: (a) residential security installations and monitoring; (b) commercial security installations and monitoring; and (c) cottage checks and property management.

## Intellectual Property and Business Branding

The Corporation considers that its trademarks, copyrights and other proprietary rights are important to its

business operations and prospects and makes every effort to ensure that its intellectual property rights are maintained in order to protect its competitive position. The Corporation does not own any patents as it predominantly uses products and technology developed by third parties, which are available in the market. In doing so, the Corporation reviews third-party intellectual property rights to help avoid infringement, and to identify strategic opportunities. The Corporation registers new brand names in order to strengthen its brand position. The Corporation will take appropriate action against infringements or misappropriations of intellectual property rights by others. When dealing with third parties and/or prospective business partners, the Corporation typically enters into confidentiality agreements to protect the Corporation's intellectual property rights.

## **Facilities**

Avante's corporate office is located at leased premises in Toronto, Ontario. The executive, legal and corporate development personnel operate out of the Corporation's executive office, which is approximately 2,045 square feet. The current lease for Avante's executive office expires in December 2023.

Avante Security's and Logixx Security's main offices are currently located at leased premises in the north end of Toronto, Ontario and in Mississauga Ontario. Product development, customer service, the Avante Control Centre, administration, finance and accounting personnel operate out of Avante Security's and Logixx Security's north end Toronto office, which is approximately 16,000 square feet. Logixx Security's leased facility in Mississauga, Ontario covers approximately 2,800 square feet.

Other small office locations are leased across Canada for use by the Logixx Security division. In addition, Avante Security owns a small building in Port Carling Ontario to service its Muskoka customers and the purchase of such building was financed by way of a mortgage from a bank.

## **Employees and Independent Contractors**

Avante and its subsidiaries have approximately 919 full-time employees and 647 part-time employees, and 1 independent contractor as of March 31, 2020. Within Logixx Security, approximately 86 security guards as of March 31, 2020 were members of one of three labour unions, representing approximately 13% of Logixx Security's security guards.

## **Financing Arrangements**

The Corporation is financed by way of Senior Debt, the Convertible Debentures and the Promissory Note as described below:

### **Senior Debt**

The Corporation's senior secured debt consists of credit facilities from a bank, a credit card program from the same bank, a mortgage for a property in Port Carling from the same bank and vehicle loans and leases as each are more particularly described in the Corporation's financial statements filed on SEDAR. The credit facilities from a bank are provided pursuant to an amended and restated credit agreement dated November 20, 2020. As of November 20, 2020, the bank provides a revolving demand facility of \$5 million and a non-revolving acquisition facility of approximately \$5 million that may be increased to \$10 million once the Corporation is fully in compliance with the financial covenants set out in the amended and restated credit agreement. In accordance with the terms of the senior credit facilities provided by the bank, on a rolling four-quarter basis, the Corporation must maintain a minimum Fixed Charge Coverage Ratio of 1.20 times and a maximum Senior Funded RBC Debt to Adjusted EBITDA ratio of 3.50 times (declining to 3.00 times as of June 30, 2021).

## **Convertible Debentures**

On November 13, 2019, the Corporation entered into an indenture and a subscription agreement pursuant to which Fairfax Financial Holdings Limited, through certain of its affiliates (collectively, “**Fairfax**”), invested \$8,264,000 through a private placement of 7% unsecured convertible debentures (“**Convertible Debentures**”). Such debentures mature on November 27, 2024 and are guaranteed by the Corporation’s wholly-owned subsidiaries. Total professional and legal fees of \$301,311 were incurred on the transaction.

Fairfax has the right to convert issued Convertible Debentures into common shares of the Corporation at a conversion price of \$1.56 per share. So long as Fairfax owns at least 10% of the Common Shares, Fairfax has the right to maintain the same percentage ownership of the Common Shares subsequent to an issuance of the Common Shares as held by Fairfax immediately prior to such issuance. If Fairfax owns more than 10% of the Common Shares, Fairfax is entitled to nominate one member to the Board.

Pursuant to the indenture, the Corporation’s consolidated total indebtedness (excluding the Convertible Debentures) shall not exceed 6.50 times Adjusted EBITDA on a rolling four quarter basis and consolidated senior indebtedness shall not exceed 3.50 times Adjusted EBITDA on a rolling four quarter basis.

## **Promissory Note**

Pursuant to the Corporation’s purchase agreement in respect of ASAP, the Corporation entered into a Promissory Note due on February 28, 2021. The amount payable to the vendors of ASAP under this note will range from \$nil to \$2,625,000 depending on the gross profit performance of the acquired customers of the business over the first twelve months from acquisition closing on December 1, 2019. Additionally, in the event such gross profit exceeds an agreed threshold during the first nine months from closing, the vendors are entitled to obtain a second ranking secured interest in the Corporation’s assets. Interest at 12.0% per annum is payable from the date that the vendors accept the final twelve-month gross profit calculation until the date that the Promissory Note is paid.

## **RISK FACTORS**

This section describes the material risks affecting the Corporation’s business, financial condition, operating results and prospects. There may be other risks and uncertainties that are not known to the Corporation or that the Corporation currently believes are not material, but which also may have a material adverse effect on the Corporation’s business, financial condition, operating results or prospects. In addition to the other information set forth elsewhere in this Annual Information Form, prospective investors should carefully review the following risk factors:

### **Rapid Technological Advancement**

Avante’s business is one of constant evolution, rapidly changing technology and increasingly sophisticated customer requirements. The introduction of products utilizing new technology and the emergence of new industry standards may render Avante’s existing products obsolete and unmarketable and may exert price pressures on existing products. Avante must be able to anticipate and react quickly to changes in technology or in the marketplace and develop new and enhanced products to meet the demands of Avante’s existing and potential customers. If Avante is unable to source or develop products that are competitive in

technology and price and that meet end-user needs, it could have a material adverse effect on Avante's business, financial condition or results of operations.

### **Competition**

The industry in which Avante operates is intensely competitive and rapidly changing. Avante must continue to evaluate and develop its operational infrastructure in order to service and support its customers and to maintain or enhance its competitive position.

Many of Avante's competitors have substantially greater financial, technical, sales, marketing and other resources, as well as greater name recognition and a larger installed customer base. A number of companies with greater resources could attempt to increase their presence in such market by acquiring or forming strategic alliances with the Corporation's competitors or business partners.

Many of Avante's competitors are also divisions or subsidiaries of larger enterprises, many of which also focus on the manufacture and sale of components or mass-market products. Some competitors may have the ability to provide an integrated security solution to an end user at a price that may render Avante's products and services effectively uncompetitive. The Corporation may be required to reduce its prices in the future or offer other favourable incentives in order to recapture or maintain its market share or to sell new products and services, and any such reduction in price may have a material adverse effect on Avante's profit margins and operating results.

Avante's success will depend significantly on management's ability to adapt to these competing forces, to develop products more rapidly and less expensively than the Corporation's competitors, and to educate potential customers as to the benefits of using Avante's products and services. Avante's existing and future competitors could introduce products with superior features, scalability and functionality at lower prices than Avante's products and could also bundle existing or new products and services with other more established products and services in order to compete with the Corporation. Management expects additional competition from other established and emerging companies. Increased competition may result in price reductions, reduced gross margins and loss of market share, any of which could cause a material adverse effect to Avante's business. Avante may not be able to compete successfully against current and future competitors, and the failure to do so would harm Avante's business.

There are no assurances that competitive products or competing technology or security solutions will not render Avante's products obsolete or non-competitive or competitive only in certain markets. Avante's strategies to mitigate these issues may prove to be ineffective.

### **Barriers to Entry**

There are comparatively few barriers to entry to provide some of the products and services such as those offered by Avante, suggesting that commercial pressures may arise from growth in the number of competing services. The Corporation's ability to maintain its anticipated market share cannot be assured, and a loss of anticipated market share could result in a material adverse effect on Avante's business, financial condition or results of operations.

### **Attrition of Accounts**

Customer attrition of residential and enterprise customers results from a variety of different factors, including relocation of subscribers, financial difficulties experienced by the customer, competition, corporate mergers of customers, and other socio-economic factors. Demographic factors and credit quality of customers underwritten will have an impact on overall attrition levels. Any significant increase in the

Corporation's attrition rates could have a materially adverse effect on the Corporation's business, financial condition or results of operations.

### **Labour Disruption and Unionized Workforce**

Certain of Logixx Security's security guards are unionized. While this introduces the risk of labour disruptions from time to time, the Corporation cannot predict whether or when any labour disruption may arise, or how long such a disruption could last. A significant labour disruption could lead to a lengthy shutdown of our service commitments to the Corporation's applicable customers, which could have a material adverse effect on the Corporation's operations and profitability.

### **Reliance on Key Personnel**

Avante's success, now and in the future, will be dependent upon key personnel, including Craig Campbell. (See "DIRECTORS AND OFFICERS"). If the Corporation's business is to expand in the future, it must continue to attract, develop, motivate and retain highly qualified and skilled employees, and particularly in the areas of sales and integration. If Avante is unable to hire and retain such employees, its business and results of operations may be adversely affected. Additions of new personnel and departures of existing personnel may disrupt the business and may result in the departure of other employees. The Corporation also depends on the continued service of its key personnel. Avante benefits from a \$5 million, key-person life insurance coverage policy ending September 11, 2028 in respect of its CEO.

### **Market Acceptance**

Avante's success will depend upon its current and proposed technologies, services and products meeting acceptable cost and performance criteria in the marketplace. There can be no assurances that the Corporation's technologies, services and products will meet applicable price or performance objectives or that unanticipated technical, regulatory or other problems will not occur which would result in increased costs or material delays.

### **Failure to Succeed in Promoting, Strengthening and Continuing to Establish Avante's Brands**

The Corporation may fail to promote, strengthen and continue to establish the brands used by the Corporation, which could prevent the Corporation from acquiring new customers, increasing market share and increasing revenues.

### **Ability to Achieve and Manage Growth**

The growth of Avante's operations may place a strain on managerial, financial and human resources. Avante's ability to continue its rate of growth will depend on a number of factors, including: the availability of working capital; existing and emerging competition; the ability to maintain sufficient profit margins; to recruit and train additional qualified personnel, both with respect to sales and integration; and the ability to maintain and expand its network of sales channels necessary to increase the Corporation's presence in the marketplace for its products and services.

Avante will also seek growth through acquisition. This strategy may expose the Corporation to integration risks depending on the size of the acquisitions, the size of the investments, and the nature of the businesses acquired. The Corporation seeks to leverage its organizational structure, business processes and experience to successfully integrate acquired businesses into the Corporation. If the Corporation is unable to identify potential acquisition opportunities or to invest in and successfully acquire and integrate new businesses and

implement new equipment, systems, processes and facilities, the Corporation may be unable to expand its business as planned.

### **Failure to Expand**

Avante may not be able to expand in a cost-effective or timely manner, may require significant additional expenses and development and operational resources, and may strain management, financial and operational resources in the course of conducting its operations. The lack of market acceptance or the Corporation's inability to generate satisfactory revenues from such markets may have a material adverse effect on Avante's business, financial condition or results of operations.

### **Need for Future Financing and Financing Risks**

The future development of the Corporation's interests will require additional financing and the ability to refinance existing indebtedness. There are no assurances that such financing will be available, or if available, available upon terms acceptable to the Corporation. Any limitations on the Corporation's ability to access the capital markets for additional funds could have a material effect on the Corporation's ability to execute its growth strategy and to repay existing indebtedness.

### **Future Equity Sales May Cause Dilution**

Avante may issue additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) to finance its operations or expansion. The Corporation cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may have a material adverse effect on the prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of the voting power and may experience dilution in the Corporation's earnings per share.

### **Significant Shareholders**

There are significant shareholders of the Corporation that may be long-term holders of its common shares. This has the effect of reducing the actively-traded public float for the Corporation's common shares, which may, in turn, impact the liquidity for such shares. In addition, relatively low liquidity may adversely affect the price at which the common shares of the Corporation trade on the listed market. Significant shareholders may also be able to exercise significant influence over any matter requiring shareholder approval in the future.

### **Intellectual Property Infringement**

Although most of Avante's technology is proprietary in nature and management does not believe that Avante's products infringe on the rights of third parties, third parties may assert infringement claims against the Corporation in the future. Any such assertion may result in litigation or may require the Corporation to obtain a license for the intellectual property rights of third parties. Such licenses may not be available, or they may not be available on reasonable terms. Alternatively, Avante may be required to re-design those products that use allegedly infringing technology, which may be costly or time-consuming, or make payments of additional amounts in damages or settlement payments, for allegedly infringing technology or products. In addition, such litigation could be disruptive to Avante's ability to generate revenue or enter into new market opportunities and may result in significantly increased costs as a result of the Corporation's defense against those claims or its attempt to license the patents or rework its products to ensure they comply

with judicial decisions. Any of the foregoing could have a material adverse effect on Avante's business, financial condition or results of operations.

### **Government Regulations**

The Corporation's operations are regulated by the applicable Federal, Provincial and Municipal governments in Canada. These regulations affect Taxes, Labour, Workplace Safety, the environment, and all other aspects that can impact the Corporation's operations and performance. The Corporation is required to obtain and maintain licenses and facility security clearances. Any failure to obtain, maintain or renew required licenses or facility security clearances could result in the cancellation of certain contracts and or disqualify the Corporation from bidding or re-bidding on certain contracts. To date, no government regulations have materially and negatively affected the Corporation.

### **Information Technology Systems**

The Corporation is dependent on its information technology ("IT") infrastructure. Significant problems with the Corporation's infrastructure, such as telephone or IT systems failures, cyber security breaches, or failure to develop new technology platforms could have a material adverse effect on the business, financial condition, results of operation and cash flow of the Corporation.

### **Software Defects**

Avante's software is highly complex and sophisticated and, from time to time, may contain design defects, security vulnerabilities or software "bugs" or failures that are difficult to detect and correct. Errors or defects may be found in software after commercial implementation and Avante may be unable to successfully correct such errors or defects in a timely manner or at all. The occurrence of errors and defects in Avante's software could result in loss of, or delay in, market acceptance of the Corporation's software, and correcting such errors and failures in its software could require significant expenditure of capital. Avante typically provides warranties on its products and services and the failure of Avante's products and services to operate as described may cause loss of customers, damage to the Corporation's reputation for delivering high-quality products, delay in or loss of market acceptance, additional warranty expenses or other costs. The consequences of such errors, failures and other defects and claims could have a material adverse effect on Avante's business, financial condition or results of operations.

### **Cyber Security**

The inherent cyber security risks related to both the Corporation's business and operational and data network and associated systems are high. The Corporation has been increasingly working to effectively manage and contain these inherent risks. However, given the ever-changing threat landscape and increased sophistication of techniques used by cyber criminals and state-run operatives, the likelihood of a security breach has grown recently. The need to increase exposure of business systems to the public internet along with enabling access to consumers to establish online contact requires the Corporation to continually evaluate new countermeasures to increase prevention and detection capabilities, and to effectively monitor its computing and networking environments.

### **Conflicts**

Certain of the Corporation's directors may be engaged in other activities, on their own behalf and on behalf of other companies, and situations may arise where the directors and officers, through the other companies in which they are involved, may be in competition with the Corporation. Conflicts of interest, if any, that arise will be subject to and governed by procedures prescribed by the OBCA, which require a director or officer of a corporation who is a party to, or is a director or an officer of or has a material interest in any

person who is a party to, a material contract or proposed material contract with the Corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the OBCA.

### **Dividends**

Avante has not paid, and does not anticipate paying, cash dividends on the Common Shares in the foreseeable future. The Corporation's dividend policy will be reviewed from time to time by the Board in the context of the Corporation's earnings, financial condition, financial requirements and other relevant factors and conditions existing at such time. Until the time that the Corporation does pay dividends, which it may never do, Avante shareholders will not be able to receive a return on their Common Shares unless they sell them at a gain.

### **Credit Risk**

The Corporation provides products and services at agreed amounts, a significant portion of which is to be paid pursuant to agreed payment terms. There is a risk that certain customers will not pay in accordance with agreed payment terms. This risk is partially mitigated by the large number of commercial and residential clients that the Corporation deals with, and their economic distribution across Canada, however such risk of non payment exists.

### **Reputational Risk**

The Corporation depends on its reputation for high quality security services to be successful. Damage to the Corporation's reputation caused by a widely publicized security incident affecting the Corporation or its clients and their installations could affect the Corporation's reputation. The Corporation's management team constantly monitors security risk surrounding the Corporation's operations and the Corporation has instituted communication protocols to reduce the potential for negative publicity.

### **Inflationary Risk**

Strong economic conditions and competition for available personnel and materials may result in significant increases in the Corporation's cost of obtaining such resources. To the greatest extent possible, the Corporation passes such cost increases on to its customers and it attempts to reduce these pressures through proactive procurement and human resource practices. Should these efforts not be successful, the gross margin and profitability of the Corporation could be adversely affected.

### **COVID-19**

In March 2020, the World Health Organization declared, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", a pandemic. This has resulted in governments worldwide enacting emergency measures to limit the spread of the virus, including closure of non-essential businesses. As of the date of this Annual Information Form, the Corporation's operations are considered essential in all provinces in which the Corporation operates. As such, to date the Corporation has been able to continue operating with no material impact to operations.

There have been no material revisions to the nature and amount of estimates and judgments made in respect of the Corporation's financial statements of prior periods. However, the effects of COVID-19 have required significant judgements and estimates to be made in the preparation of the Corporation's financial statements.

Additionally, the effects of COVID-19 may require revisions to estimates of expected credit losses attributed to accounts receivable arising from sales to customers on credit terms, including the incorporation of forward-looking information to supplement historical credit loss rates as well as other estimates and judgement used in the preparation of the Corporation's financial statements.

Due to rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Corporation's operating results in the future, its suppliers, and its customers. Additionally, it is possible the Corporation's consolidated financial results will change in the near term as a result of COVID-19.

## DESCRIPTION OF SHARE CAPITAL

### Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares, of which 21,192,004 Common Shares were issued and outstanding as at the date of this Annual Information Form. Effective October 29, 2018, Avante announced it had completed the consolidation of Common Shares on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares. This reduced the Corporation's issued and outstanding Common Shares from 105,578,361 to 21,115,672 at that time.

All Common Shares rank equally as to voting rights, participation in a distribution of the Corporation's assets on liquidation, dissolution or winding-up and the entitlement to dividends. The holders of the Common Shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each of the Common Shares carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of its assets, the holders of the Common Shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Corporation has paid out its liabilities. The holders of Common Shares are entitled to receive any dividends declared by Avante on the Common Shares.

### Stock Option Plan

The Option Plan is a 10% rolling stock option plan, under which the aggregate number of Common Shares issuable pursuant to the exercise of outstanding Options granted under or subject to the Option Plan at any one time may not exceed 10% of the issued and outstanding Common Shares as of that date, including shares issued as a result of the exercise of Options. The Option Plan provides an incentive to the directors, management, employees and consultants of the Corporation to act in the best interests of the Corporation and contribute to the future growth and success of the Corporation.

The principal features of the Option Plan are as follows:

- (a) Eligible participants include consultants, directors, employees, management company employees, members of management and certain other persons who provide services to the Corporation or its affiliates ("**Eligible Participants**").
- (b) The aggregate number of common shares which may be issuable under the Option Plan and all of the Corporation's other previously established or proposed share compensation arrangements within a one-year period is limited under the Option Plan, as follows:

- (i) no more than 5% of the total number of issued and outstanding common shares on the grant date on a non-diluted basis to any one optionee; and
  - (ii) no more than 2% of the total number of issued and outstanding common shares on the grant date on a non-diluted basis to consultants and persons undertaking investor relations activities.
- (c) The exercise price for an Option shall be determined from time to time by the Board but, in any event, shall not be lower than the discounted market price (as defined by the TSXV) of the common shares on the day prior to the grant.
- (d) The term for each Option shall be set by the Board at the time of issue of the Option and shall not be greater than a period of ten years after the grant date.
- (e) The Board may, at its discretion, determine when any Option will become exercisable and may also establish any vesting schedule relative to any Options granted, provided that schedule is not shorter than any time period prescribed by the TSXV.
- (f) Under the Option Plan, if an optionee ceases to be an Eligible Participant, his, her or its Option shall be exercisable as follows:
  - (i) if the optionee ceases to be an Eligible Participant, due to his or her death, any vested Option held by him or her at the date of death shall be exercisable if the Option was issued 10 days or more prior to the date of death only by the persons or persons to whom the optionee's rights under the Option shall pass by the optionee's will or the laws of descent and distribution at any time up to but not after the earlier of: (a) one year after the date of death; and (b) the expiry date of such Option;
  - (ii) if the optionee ceases to be an Eligible Participant as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the optionee is employed, any outstanding Option held by such optionee on the date of termination shall be cancelled as of that date;
  - (iii) if the optionee ceases to be an Eligible Participant for any reason other than termination for cause or death, any vested Option held by such optionee may be exercised within a reasonable period of time (not to exceed one year) following the date on which such optionee ceases to be an Eligible Participant, provided that such date is no later than the expiration of the applicable Option term; or
  - (iv) if an optionee who is a consultant of the Corporation or its affiliates ceases to be retained by the Corporation by virtue of a breach of the consulting agreement or the expiry thereof, or such retainer is otherwise terminated (other than for reasons above), no Option held by such consultant may be exercised following such breach, expiry or termination.
- (g) No optionee may assign any of his, her or its rights under the Option Plan or any Option granted thereunder, except as expressly permitted under the terms of the Option Plan.
- (h) The Option Plan permits the Board to interpret the Option Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Option Plan. The interpretation and construction of any provision of the Option Plan by the Board shall be final and conclusive. However, disinterested shareholder approval will be required for changes to the Option Plan that:
  - (a) reduce the exercise price of any outstanding Options if the Eligible Participant is an insider of

the Corporation (as that term is defined by the TSXV) at the time of the proposed amendment; or (b) increase the aggregate number of common shares available for issuance under the Option Plan to any one person.

- (i) In the event the expiry or termination of an Option occurs during or within ten (10) business days of a blackout period, the Option shall remain exercisable for a period of ten (10) business days from the end of the blackout period.
- (j) The Option Plan provides additional powers to the Board with respect to the withholding of tax and other required deductions in connection with the exercise of an Option.

### Performance Share Units

On November 25, 2020, the Board established a performance share unit (“PSU”) compensation program. It provides for a cash payment to eligible participants equal to the number of PSUs granted multiplied by the Corporation’s 30-day volume weighted average (VWAP”) share price immediately prior to the agreed future valuation date scaled downwards for vesting criteria linked to the Corporation’s VWAP in effect during the thirty days prior to the valuation date.

On November 25, 2020 the Board granted 200,000 PSUs to Craig Campbell with a valuation date of March 31, 2023, and with vesting at 0% if the Corporation’s 30-day VWAP of its common shares immediately prior to March 31, 2023 is less than \$3.39 per share 50% if that VWAP is greater than or equal to \$3.39 per share, 75% if that VWAP is greater than or equal to \$3.75 per share and 100% if that VWAP is greater than or equal to \$4.00 per share.

### MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSXV under the symbol “XX”. The following sets forth the high and low market prices and the volume of the Common Shares traded on the TSXV during the periods indicated during the Corporation’s most recent fiscal year:

Month	High(\$)	Low(\$)	Trading Volume (# of Shares)
March 2020	\$1.20	\$0.66	431,900
February 2020	\$1.50	\$1.11	367,300
January 2020	\$1.58	\$1.40	891,200
December 2019	\$1.59	\$1.35	1,881,700
November 2019	\$1.65	\$1.11	569,400
October 2019	\$1.25	\$1.01	1,040,200
September 2019	\$1.20	\$1.04	584,100
August 2019	\$1.45	\$1.15	186,000
July 2019	\$1.53	\$1.36	113,400
June 2019	\$1.65	\$1.45	90,600
May 2019	\$1.70	\$1.43	137,700
April 2019	\$1.82	\$1.14	222,600

The closing price of the Common Shares on the TSXV on March 31, 2020 was \$0.81 per Common Share. The closing price of the Common Shares as of the date of this Annual Information Form was \$0.93.

## PRIOR SALES

No securities of the Corporation that are not listed or quoted on a marketplace were issued by the Corporation during the fiscal year ended March 31, 2020 or during the current fiscal year as of the date hereof.

The following table summarizes the Options granted by the Corporation during the fiscal year ended March 31, 2020 and during the current fiscal year as of the date hereof:

<b>Date of Grant</b>	<b>Common Shares Underlying Options Granted</b>	<b>Option Exercise Price per Common Share (\$)</b>
December 2, 2019	155,000 <sup>(1)</sup>	\$1.55
January 20, 2020	200,000 <sup>(1)</sup>	\$1.55
October 14, 2020	50,000 <sup>(1)</sup>	\$1.55

Notes:

- (1) The Corporation granted these Options to certain key employees of the Corporation and/or its subsidiaries, subject to the terms and conditions of the Option Plan. The Options have a term of five years and vest as follows: (i) 1/3<sup>rd</sup> vest after the second anniversary of grant; (ii) an additional 1/3<sup>rd</sup> vest after the third-year anniversary of grant; and (iii) the remaining 1/3<sup>rd</sup> vest after the fourth-year anniversary of grant.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

To the knowledge of the Corporation, there are no securities of the Corporation that are in escrow or subject to contractual restrictions on transfer.

## DIRECTORS AND OFFICERS

The Corporation's Directors are elected by the shareholders of Avante at each annual general meeting and typically hold office until the next annual general meeting at which time they may be re-elected or replaced. Casual vacancies on the Board are filled by the remaining Directors and the persons filling those vacancies hold office until the next annual general meeting at which time they may be re-elected or replaced. Avante's officers are appointed by the Board and hold office indefinitely at the pleasure of the Board.

On September 19, 2018, the Board established a share ownership policy pursuant to which directors are to acquire shares of the Corporation equivalent to one times their annual retainer, with such purchases to be completed within three years of becoming a Director. On November 25, 2020, the Board established share ownership guidelines in respect of the named executive officers of the Corporation. These approved guidelines are: 3.0 times base salary for the Chief Executive Officer within 2 years of the later of start of employment and January 1, 2021, 2.0 times base salary for the Chief Financial Officer within 2 years of the later of start of employment and January 1, 2021 and 1.0 times base salary for the other named executive officers within 3 years of the later of January 1, 2021.

Collectively, as at the date of this Annual Information Form, the directors and named executive officers of Avante, as a group, beneficially own, control or direct, directly or indirectly, 3,318,550 Common Shares, representing approximately 15.66% of the issued and outstanding Common Shares.

The following table sets forth the names and municipalities of residence of all the directors and named executive officers of the Corporation, as well as the positions and offices held by such persons and their principal occupations.

<b>Name and Municipality of Residence</b>	<b>Position(s) with Avante</b>	<b>Principal Occupations for the past 5 years</b>	<b>Director or Officer Since</b>
Craig Campbell Ontario, Canada	Chief Executive Officer Director of the Corporation and each of its subsidiaries	Founder, Chief Executive Officer and President of Resilience Capital Inc.	January 10, 2018
Samuel Duboc Ontario, Canada	Director and Chair of the Corporation  Chair – Investment Committee  Chair – Compensation Committee	Chair and CEO – MindBeacon Group	September 18, 2019
Andrea Fiederer Ontario Canada	Director of the Corporation  Member – Compensation Committee  Member Governance & Nominating Committee	Executive Vice President and Chief Marketing Officer at goeasy Ltd.	September 17, 2020
Joseph Leeder Ontario, Canada	Director of the Corporation  Chair – Audit Committee  Member – Compensation Committee	Former Director and now retired Chief Financial Officer of Park Lawn Corporation	November 26, 2007
Stewart Lyons Ontario, Canada	Director of the Corporation  Chair – Corporate Governance & Nominating Committee  Member – Audit Committee	CEO, Bird Canada and Senior Vice President – Emerging Business at SiriusXM Radio	September 9, 2018
Carol Osler Ontario, Canada	Director of the Corporation  Member – Audit Committee  Member – Corporate Governance & Nominating Committee  Member – Investment Committee	Executive Director, Friends of Ruby and Senior Vice President for TD Bank Group	September 19, 2018

<b>Name and Municipality of Residence</b>	<b>Position(s) with Avante</b>	<b>Principal Occupations for the past 5 years</b>	<b>Director or Officer Since</b>
Jean Taillon Ontario, Canada	Strategic Advisor to the Board  Observer - Audit Committee  Observer - Investment Committee	Chief Commercial Officer and SVP, Trispec Communications Inc. and, prior to March 2016, Managing Director of UK and Ireland Central Government Services for G4S plc	Strategic Advisor to the Board as of October 19, 2020
Scott Goodman Ontario, Canada	Chief People & Legal Officer	VP, HR – Parmalat Canada; TMX Group	October 1, 2018
Stephen Rotz Ontario, Canada	Chief Financial Officer  Officer and director of each of the Corporation’s subsidiaries	Chief Financial Officer of Knowledge First Financial Inc. and affiliates. VP Business Development ECN Capital Corp and Element Financial Corporation.	January 20, 2020
Han Koren Ontario, Canada	President, Logixx Security Inc.	President A.S.A.P. Secured Inc.	December 2, 2019
Geoff Reed Ontario, Canada	President, Avante Security Inc.	VP Development for Mill Street Company and President & Founder of The Fastway Group	July 5, 2019

## **Biographies**

### ***Executive Officers***

#### **Craig Campbell, *Chief Executive Officer & Director***

Craig Campbell is the founder and CEO of Resilience Capital Inc., a Toronto-based investment company which invests in stable, profitable operating companies (with a focus on the security industry) that have high growth potential and a sustainable, competitive advantage. Previously, Craig Campbell was the founder and CEO of Total Security Management (“TSM”), a provider of full-service security solutions to enterprise customers. Under Mr. Campbell’s stewardship, TSM grew into Canada’s largest privately held security firm, with almost 3,000 employees. In 2013, Mr. Campbell sold the TSM brand and its Canadian guard services unit to a global protection firm. Mr. Campbell received the Entrepreneur of the Year Award by Ernst & Young in 2004 and, in 2010 was named one of Canada’s Top 40 Under 40™. Mr. Campbell is an alumnus of Harvard Business School’s Owner/President Management program and is a graduate of the Rotman School of Management’s Director’s Education Program.

**Scott Goodman**, *Chief People and Legal Officer*

Scott Goodman joined Avante as Chief People and Legal Affairs Officer on October 2, 2018. Scott previously held roles at the TMX Group Inc. and Parmalat Canada. He is a people operations leader and lawyer with success across multiple industries designing and implementing effective people systems. He has a consistent history of building teams and delivering innovative human capital solutions to drive enterprise transformation and meet changing business needs. Goodman earned his MBA from Royal Roads University and his LL.B. at The University of Western Ontario. He was called to the Ontario Bar in 2000.

**Stephen Rotz**, *Chief Financial Officer*

Stephen (Steve) Rotz is Chief Financial Officer of Avante Logixx Inc. Steve joined Avante on January 20, 2020 after thirty years of progressive experience as a financial executive in Toronto and London UK involved in companies experiencing transformational growth including Knowledge First Financial Inc, Element Financial Corporation and D+H Corporation. Prior roles at public companies and financial institutions include Chief Financial Officer, Vice President of Business Development, Managing Director of Corporate Development, Treasurer and Corporate Banker. Steve Rotz is a Chartered Professional Accountant (CPA-CA) and a Chartered Financial Analyst (CFA). He earned his Bachelor of Commerce degree at Queen's University in Kingston, Ontario.

**Han Koren**, *President, Logixx Security Inc.*

Mr. Koren is an accomplished executive with more than twenty years experience in the business-to-business service industry. His focus is on delivering excellent service to his customers and strategy development to further grow the business. Before joining A.S.A.P. Secured Inc. on December 1, 2019, Mr. Koren worked for several global logistic service providers in Europe, focusing on strategy execution and continuous improvement. For eight years he worked for a service provider in cash logistics where security, sound procedures and optimal employee training are key business requirements. Mr. Koren was responsible for the design and build of three new facilities and security upgrades to many others. During the seven years prior to joining the Corporation, Mr. Koren led A.S.A.P Secured Inc., a midsize nationwide security company servicing a variety of well-known corporate customers. During this time, he provided valuable consultancy services to several key customers. Mr. Koren holds a Bachelors' degree in Engineering, as well as an Executive MBA. Areas of expertise include Crisis Management, Project Management, Contract Negotiations, Customer Relationship Management, Team Building and Performance Management. Mr. Koren is a long-time member of ASIS, CNPBA and SCMA.

**Geoff Reed**, *President, Avante Security Inc.*

Geoff Reed is a seasoned security executive who brings more than 15 years' experience leading aggressive business development strategies, M&A growth, operational turnarounds and major top line and bottom-line improvements that have created market leaders. Highly entrepreneurial, Geoff has built and rebuilt organizations, plans and executes on bold market strategies, and has extensive experience managing to Boards. As former General Manager with the largest security firm in Canada, Geoff revitalized eight internal divisions, increased revenues by 46% and improved efficiency by 20%. As President at Avante Security, Geoff designed and realigned the Corporation's customer acquisition plan and is currently completing critical refinements in ERP systems, operations and finance to create a stronger infrastructure to move forward.

## ***Board of Directors***

### **Samuel (Sam) L. Duboc, Chair**

Mr. Duboc's career is marked by his passion for entrepreneurship, his ingenuity and corporate and community leadership. He is President & CEO of Elkland Capital Inc., a family-owned investment firm with a current portfolio covering a wide range of industries including, but not limited to, health services, clean energy, marketing services and technology. Mr. Duboc is also the Chair & CEO of MindBeacon Group, behavioral health companies that deliver evidenced based therapy through clinics and a digital platform. As a co-founder, Sam successfully built EdgeStone Capital Partners, one of Canada's leading private equity firms which has managed in excess of \$2 billion for institutional and high-net-worth investors since its inception. Prior to this, he was a managing director at CIBC Capital Partners and cofounder of the Loyalty Group Inc. (now called LoyaltyOne), the parent company of the AIR MILES Reward Program. In 2013, Mr. Duboc served as the Clifford Clark Visiting Economist and Special Advisor on Venture Capital for the Department of Finance Canada, leading a team in designing and implementing the Government of Canada's Venture Capital Action Plan. Throughout his career, Sam has served on the boards of numerous companies including, but not limited to, Business Development Bank of Canada (Chair, 2014-2018), Porter Aviation Holdings Inc. and Stephenson's Rental Services Inc. He currently serves on the board of directors of CBT Associates and its affiliates. A dedicated and active member of the community, Mr. Duboc is a co-founder and former chair of Pathways to Education Canada, an internationally recognized and award-winning non-profit organization focused on improving the lives of Canada's disadvantaged youth and their communities through educational attainment. In addition to his work with Pathways, Sam is the co-founder of LEAP: The Centre for Social Impact, board member of The Rumie Initiative, former board member of the CAMH Foundation and a member of the World's President's Organization (WPO), the Chief Executives Organization (CEO) and Ontario's Panel on Economic Growth and Prosperity. Sam holds a Bachelor of Science degree in Chemical Engineering from Tufts University magna cum laude and Tau Beta Pi and an MBA from Harvard Business School. In 2000, Sam was recognized as one of Canada's Top 40 under 40 and in 2005 was chosen as one of the ten "most influential" alumni of the program. Mr. Duboc is a recipient of an Outstanding Volunteer Award from the Association of Fundraising Professionals (AFP) Greater Toronto Chapter (2013) and Ted Anderson Community Leadership Award from the Canadian Venture Capital Association (2014).

### **Andrea Fiederer**

Ms. Fiederer has over 20 years of marketing and business experience and currently holds the role of Executive Vice President and Chief Marketing Officer at goeasy Ltd. (TSX:GSY), Canada's leading alternative financial services provider. Andrea began her career in management consulting at KPMG Consulting and has held progressively senior marketing roles at Telus, XM Satellite Radio and Mobilicity. In her current role, she is responsible for goeasy's brand stewardship, customer experience, digital strategy and communications. Andrea is also a founding member of goeasy's Women in Leadership program, which is designed to help grow and develop female talent within the organization and was named one of Canada's Top 100 Most Powerful Woman in 2016 through the Women's Executive Network (WXN). Andrea holds a Master of Business Degree from the Schulich School of Business and a Bachelor of Commerce Degree from McGill University.

### **Joseph Leeder**

Joseph Leeder was a director of Park Lawn Corporation, a Toronto Stock Exchange-listed cemetery, funeral and cremation business, from April 2013 until June 2020, and was the chief financial officer of Park Lawn Corporation from July 2013 until September 18, 2020. Joseph Leeder is a Chartered Accountant and was a Partner in the Toronto office of KPMG LLP from 1990 to 1997. After leaving KPMG, Joseph Leeder held the position of chief financial officer at Envoy Communications Group from 1998 to 2002, Upper Canada

Forest Group from 2003 to 2005 and Envoy Capital Group from 2005 to 2010. From 2011 until he joined Park Lawn Corporation, Joseph Leeder provided consulting and business advisory services.

### **Stewart Lyons**

Stewart Lyons is the CEO of Bird Canada, the Canadian licensee of the world's leading e-scooter provider. Stewart is a nationally recognized business leader and previously was the SVP – Emerging Business at SiriusXM Holdings Inc. (NASDAQ: SIRI), focused on building and growing Automatic Labs, a SiriusXM company, that is a San Francisco-based developer of software and hardware that monetizes data in the connected vehicle space. Previously he was CEO of TeraGo Networks Inc. (TSX: TGO), a national IT solutions company which he grew into the largest Canadian cloud provider. Previously, Mr. Lyons was the co-founder and President of Mobilicity, a national wireless mobility new entrant that grew to serve 300,000 subscribers in Toronto, Vancouver, Calgary, Edmonton, and Ottawa and was subsequently sold to Rogers Communications for \$465 million. Prior to Mobilicity, Stewart co-founded Sirius XM Canada, leading its launch, financing, as well as sales and marketing efforts. The company exited to the public markets and has an enterprise value of almost \$1 billion. In 2011, Caldwell Partners International named Mr. Lyons as one of Canada's Top 40 Under 40. Mr. Lyons was also selected as one of Western University's "Extraordinary Alumni", University of Toronto's "People who make a Difference" and has been frequently profiled in multiple national publications such as the Globe and Mail, the National Post and others. Stewart has an MBA from the University of Toronto, an LLB from Osgoode Hall Law School, and is a lawyer and member of the Law Society of Ontario. He is also a member of the Young President's Organization (YPO). Mr. Lyons was the President of Data & Audio Visual Enterprises Wireless, Inc., (which did business as Mobilicity), when it filed for protection under the Companies' Creditors Arrangement Act on September 30, 2013.

### **Carol Osler**

Carol Osler is the Executive Director of Friends of Ruby, a non-profit charitable organization that supports the progressive well-being of LGBTQ12S youth. Prior to this role, Ms. Osler worked as Senior Vice President and Senior Executive Advisor – Community Partnerships for TD Bank Group and was formerly the Head of the Financial Crimes and Fraud Management Group. Carol is known for her work in fraud management, security, and enterprise project office. Carol has held progressively more senior positions in both the private and public sectors, including Director, Security Services at the Metropolitan Toronto Housing Authority, Director, Corporate Security and Privacy at Ontario Power Generation, and Vice President, Chief Information Security Officer and Governance Services at Sun Life Financial. She has also lived and worked in Asia as the Regional Chief Information Officer of Sun Life Financial, driving transformation of the Asia Pacific technology strategy and teams. A strong supporter of women in security, Carol is dedicated to developing and mentoring women with leadership aspirations in the field. In 2012, she was named Security Director of the Year by Canadian Security magazine and received the Deloitte Out on Bay Street Professional Leadership Award. Carol is a National Association of Professional Women VIP Woman of the Year recipient. In 2014 and 2015, Carol was named one of Canada's most powerful women by the Women's Executive Network, and in 2016 received the Catalyst Canada Honours emerging Leaders Award.

### **Jean Taillon (strategic advisor to the Board)**

Jean Taillon is currently Chief Commercial Officer and Senior Vice President of Trispec Communications Inc. ("Trispec") where he is accountable for the company's strategic direction, management, growth and customer experience. Prior to joining Trispec in March 2016, Jean was based in the United Kingdom as G4S plc's UK and Ireland Regional Managing Director for central government services, a GBP 370 million revenue business that manages and mobilizes key fundamental government contracts for the United Kingdom and Irish governments. Previously, he was President and CEO of G4S Canada, growing the

business from revenue of \$160 million to \$520 million over less than three years through organic growth and a targeted sales strategy. His career is based on more than twenty years of experience in the information technology and telecommunications industries including several executive roles at Bell Canada, AT&T and Motorola. Jean Taillon holds degrees in Master of Business Administration and Master of Engineering, and he is a Professional Engineer. He is an active member in the community and has participated as a director of several children and arts charities and is a frequent lecturer for the EMBA program at the Rotman School of Business. Effective October 19, 2020, Jean became a strategic advisor to the Board and an observer on the Board's Audit and Investment committees. The Board intends to recommend that Jean become a full board member during the Corporation's next annual general meeting.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

None of Avante's directors or executive officers is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Avante) that (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (a "Cease Trade Order") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such issuer, or (b) was subject to a Cease Trade Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed in this Annual Information Form with respect to Stewart Lyons, none of Avante's directors or executive officers, nor, to Avante's knowledge, any shareholder holding a sufficient number of the Corporation's securities to materially affect the control of Avante (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Avante) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder. See "DIRECTORS AND OFFICERS – Biographies – Directors – Stewart Lyons".

None of Avante's directors or executive officers, nor, to Avante's knowledge, any shareholder holding a sufficient number of the Corporation's securities to materially affect the control of Avante, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Audit Committee**

The Board's Audit Committee is comprised of Joseph Leeder (chair), Stewart Lyons, and Carol Osler. Jean Pierre Taillon is an observer on the committee. Each such member is independent of management of the Corporation, is financially literate and has the experience requirements of securities laws, rules and guidelines of the TSXV and applicable regulatory rules. In particular, no member of the Audit Committee has a direct or indirect material relationship with the Corporation or an affiliate thereof, which could reasonably interfere with the exercise of the member's independent judgement.

## LEGAL PROCEEDINGS

Management is not aware of any material legal proceedings that the Corporation is a party to, or that any of its properties is or was the subject of, during the fiscal year ended March 31, 2020 or during the current financial year as of the date hereof, nor are any such proceedings known by management to be contemplated.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, the Corporation is not aware of any material interest, direct or indirect, of (i) any shareholder that is a direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the voting rights attached to the Common Shares, (ii) any of the Corporation's directors or executive officers or the Corporation's subsidiaries' directors or executive officers, or (iii) any associate or affiliate of any of the foregoing, in any transaction which has been entered into within the three most recently completed fiscal years or during the current financial year, that has materially affected or will materially affect the Corporation.

## AUDITORS, REGISTRAR AND TRANSFER AGENT

The Corporation's auditors are RSM Canada LLP, located at 11 King Street West, Suite 700, Toronto, ON, M5H 4C7, who were appointed on October 26, 2018. The Corporation's previous auditors, BDO Canada LLP, resigned on the same day.

The fees billed by the auditors of the Corporation are reviewed by the Audit Committee and, as set out in the Audit Committee charter, all non-audit services with the external auditor must be pre-approved by the Audit Committee or by one member of the Audit Committee. For the fiscal years ended March 31, 2020 and March 31, 2019, the fees billed by the auditors with respect to the Corporation were in the amounts and for the purposes set out below:

<b>Service:</b>	<b>Fiscal Year Ended March 31</b>	
	<b><u>2019</u></b>	<b><u>2020</u></b>
Audit fees	\$151,500	\$200,000
Purchase Price Allocations and opening balance sheets	80,000	20,000
Audit related fees	10,000	45,000
Tax fees	17,500	22,250
Quarterly reviews	57,500	51,000
All other fees	-	10,000
<b>Total</b>	<b>\$316,500</b>	<b>\$348,250</b>

The registrar and transfer agent for the Common Shares is TSX Trust Company at its principal offices located at 200 University Avenue, Suite 300 Toronto, Ontario, M5H 4H1.

### **INTEREST OF EXPERTS**

RSM Canada LLP are the auditors of the Corporation and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only material contracts Avante has entered into during the most recently completed fiscal year, before the most recently completed fiscal year, or during the current fiscal year that are still in effect, are as follows:

- Underwriting Agreement among the Corporation, Cormark Securities Inc. and Canaccord Genuity Corp. dated May 29, 2018 in connection with the Corporation's bought deal offering of Common Shares completed on June 12, 2018;
- Intelligarde Share Purchase Agreement (see "GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History –Year-ended March 31, 2019");
- The Debenture agreement dated November 13, 2019, pursuant to which Fairfax Financial holdings Limited ("**Fairfax**"), through certain of its subsidiaries, invested \$8,624,000 through a private placement of unsecured convertible debentures (see "DESCRIPTION OF BUSINESS – Financing Arrangements"); and
- The definitive share purchase agreement dated November 13, 2019 to acquire all of the issued and outstanding shares of A.S.A.P. Secured Inc. (see "GENERAL DEVELOPMENT OF THE BUSINESS – Three Year History –Year-ended March 31, 2020").

Copies of such agreements are available under Avante Logixx Inc.'s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's name, Avante Logixx Inc.

Additional financial information is provided in the Corporation's most recent financial statements and MD&A which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation option plans, where applicable, is contained in the Corporation's management information circular dated August 5, 2020 relating to its most recent annual meeting of shareholders that involved the election of directors.

## SCHEDULE “A” – AUDIT COMMITTEE CHARTER

### AVANTE LOGIXX INC.

(the “Corporation”)

(Implemented pursuant to Multilateral Instrument 52-110)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees was implemented for Ontario reporting companies effective March 30, 2004 and, accordingly, applies to every TSX Venture Exchange Inc. listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee Charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors. The Corporation, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

### ARTICLE 1 - ROLE AND OBJECTIVES

#### 1.1 Role

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of the Corporation established for the purpose of overseeing the accounting and financial reporting process of the Corporation and external audits of the financial statement of the Corporation.

#### 1.2 Objectives

The Committee will assist the Board in fulfilling its oversight responsibilities for:

- (a) the financial reporting process;
- (b) the system of internal control over financial reporting;
- (c) the audit process;
- (d) compliance with legal and regulatory requirements; and
- (e) the processes for identifying, evaluating and managing the Corporation’s principal risks impacting financial reporting.

### ARTICLE 2 - DUTIES, POWERS AND RESPONSIBILITIES

#### 2.1 Duties, Powers, and Responsibilities

The Audit Committee is hereby delegated the duties and powers specified in section 158 of the *Business Corporations Act* (Ontario) and, without limiting these duties and powers, the Audit Committee shall:

(a) Financial Reporting

- (i) Review and recommend for approval to the Board the annual financial statements, accounting policies that affect the statements, annual MD&A and associated press release.
- (ii) Review the annual report for consistency with the financial disclosure referenced in the annual financial statements.
- (iii) Be satisfied as to the adequacy of procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from annual or quarterly financial statements and periodically assess the adequacy of such procedures.
- (iv) Review and approve quarterly financial statements, accounting policies that affect the statements, the quarterly MD&A, and the associated press release.
- (v) Review significant issues affecting financial reports.
- (vi) Review emerging GAAP developments that could affect the Corporation.
- (vii) Understand how management develops interim financial information and the nature and extent of external audit involvement.
- (viii) In review of the annual and quarterly financial statements, discuss the quality of the Corporation's accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.
- (ix) Review and approve any earnings guidance to be provided by the Corporation.

(b) Internal and Disclosure Controls

- (i) Consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control.
- (ii) Review and approve corporate signing authorities and modifications thereto.
- (iii) Review with the auditors any issues or concerns related to any internal control systems in the process of the audit.
- (iv) Review the plan and scope of the annual audit with respect to planned reliance and testing of controls and major points contained in the auditor's management letter resulting from control evaluation and testing.
- (v) Establish and maintain complaint procedures regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of concerns regarding

questionable accounting or auditing matters. Such procedures are appended hereto as Appendix A.

- (vi) Review with management, external auditors and legal counsel any material litigation claims or other contingencies, including tax assessments, and adequacy of financial provisions, that could materially affect financial reporting.
  - (vii) Review with the Chief Executive Officer and the Chief Financial Officer the Corporation's disclosure controls and procedures, including any significant deficiencies in, or material noncompliance with, such controls and procedures.
  - (viii) Discuss with the Chief Executive Officer and the Chief Financial Officer all elements of certification required pursuant to National Policy 52-109.
  - (ix) Approve all material related party transactions in advance.
- (c) External Audit
- (i) Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing such other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.
  - (ii) Review and approve the audit plans, scope and proposed audit fees.
  - (iii) Annually review the independence of the external auditors by receiving a report from the independent auditor detailing all relationships between them and the Corporation.
  - (iv) Discuss with the auditors the results of the audit, any changes in accounting policies or practices and their impact on the financials, as well as any items that might significantly impact financial results.
  - (v) Receive a report from the auditors on critical accounting policies and practices to be used, all alternative treatments of financial information within GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments, and the treatment preferred by the auditor.
  - (vi) Receive an annual report from the auditors describing the audit firm's internal quality-control procedures, and material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out the firm, and any steps taken to deal with any such issues.
  - (vii) Ensure regular rotation of the lead partner and reviewing partner.

- (viii) Evaluate the performance of the external auditor and the lead partner annually.
  - (ix) Recommend to the Board (A) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, and (B) the compensation of the external auditor.
  - (x) Separately meet with the auditors, apart from management, at least once a year.
- (d) Non-Audit Services
- (i) Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor. Pre-approval may be granted by any one member of the Audit Committee.
- (e) Risk Management
- (i) Review and monitor the processes in place to identify and manage the principal risks that could impact the financial reporting of the Corporation.
  - (ii) Ensure that Directors and Officers insurance is in place.
  - (iii) Review and approve corporate investment policies.
  - (iv) Assess, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.
- (f) Other Responsibilities and Matters
- (i) Report through its Chair to the Board following meetings of the Audit Committee.
  - (ii) Review annually the adequacy of the Charter and confirm that all responsibilities have been carried out.
  - (iii) Evaluate the Audit Committee's and individual member's performance on a regular basis and report annually to the Board the result of its annual self-assessment.
  - (iv) Prepare annually a report for inclusion in the proxy statement.
  - (v) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
  - (vi) Discuss the Corporation's compliance with tax and financial reporting laws and regulation, if and when issues arise.

## **2.2 Authority**

The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any advisors employed by the Audit Committee at the cost of the Corporation without obtaining Board approval, based on its sole judgment and discretion. The Audit Committee has the authority to communicate directly with the internal and external auditors of the Corporation.

## **ARTICLE 3 - COMPOSITION**

### **3.1 Composition**

The Committee shall comprise at least three directors, none of whom shall be an officer or employee of the Corporation or any of its subsidiaries or any affiliate thereof. Each Committee member shall satisfy the independence, financial literacy and experience requirements of applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. In particular, each member of the Committee shall have no direct or indirect material relationship with the Corporation or any affiliate thereof, which could reasonably interfere with the exercise of the member's independent judgment. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board.

### **3.2 Appointment**

Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation.

### **3.3 Chair**

The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Committee Chair shall satisfy the independence, financial literacy and experience requirements (as described above).

### **3.4 Access**

The Committee shall have access to such officers and employees of the Corporation and all subsidiaries and to such information respecting the Corporation and the subsidiaries, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

## **ARTICLE 4 - MEETINGS**

### **4.1 Time and Location**

The Committee shall meet at least quarterly at such times and at such locations as the Chair of the Committee shall determine. Any member of the Committee may also request a meeting of the Committee.

### **4.2 Quorum**

The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.

### **4.3 Agenda**

The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting.

#### **4.4 Majority Vote**

At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision.

#### **4.5 Management**

The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meetings by the Committee Chair. The Chair of the Committee shall hold in camera sessions of the Committee, without management present, at every meeting.

#### **4.6 Minutes**

A member of the Committee or the Secretary of the Corporation shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.

#### **4.7 Summary of Meetings**

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request of the Chair.

#### **4.8 External Auditor**

The Committee shall meet periodically with the Corporation's external auditor (in connection with the preparation of the annual financial statements and otherwise as the Committee may determine), part or all of each such meeting to be in the absence of management.

**Appendix A  
to Avante Logixx Inc. Audit Committee Charter**

**Whistleblower Policy**

**Procedures for the Submission of Complaints or Concerns  
Regarding Accounting, Internal Accounting Controls or Auditing Matters**

- (1) The Chair of the Audit Committee shall forward to the Committee of the Board any complaints that he has received regarding:
- (i) questionable accounting practices;
  - (ii) inadequate internal accounting controls;
  - (iii) the misleading or coercion of auditors;
  - (iv) disclosure of fraudulent or misleading financial information; and
  - (v) instances of corporate fraud

- (2) Any employee of the Corporation may submit, on a confidential, anonymous basis if the employee so desires, any concerns by sending such concerns in writing and forwarding them in a sealed envelope to the Chair of the Audit Committee as follows:

Joseph Leeder, Chair of the Audit Committee  
1959 Leslie Street  
Toronto, ON M3B 2M3

The envelope is to be clearly marked, "To be opened by the Audit Committee only".

- (3) Additional contact information including a phone number and e-mail address shall be published for the Chair of the Committee on the Corporation's website. Anonymous written or telephone communications will be accepted.
- (4) Employees of the Corporation are encouraged to provide as much specific information as possible including names, dates, places and events that took place, the employee's or consultant's perception of why the incident(s) may be a violation, and what action the employee or consultant recommends be taken.
- (5) All complaints under the policy will be investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action and subject to applicable law.
- (6) Within 10 business days following the receipt of any information by the Chair pursuant to this Appendix, the Committee shall review and consider any such complaints or concerns and take any action that it deems appropriate in the circumstances.
- (7) The Committee shall retain any such complaints or concerns along with the material gathered to support its actions for a period of no less than seven years. Such records will be held on behalf of the Committee by the Committee Secretary.
- (8) Appendix A shall appear on the Corporation's website as part of this Charter.
- (9) Any questions regarding this Whistleblower Policy shall be directed to the Chair of the Audit Committee.

## **SCHEDULE “B” – CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

### **AVANTE LOGIXX INC. (the “Corporation”)**

#### **ARTICLE 1 - ROLE AND MEMBERSHIP**

##### **1.1 Role**

The Corporate Governance and Nominating Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of the Corporation. Its purpose is to carry out the responsibilities delegated by the Board relating to the Corporation’s director and officer nominations process and procedures and developing and maintaining the Corporation’s corporate governance policies.

##### **1.2 Composition**

The Committee shall be comprised of at least three directors, at least one of which shall be independent. Each independent Committee member shall satisfy the independence requirements set out by Section 1.4 of National Instrument 52-110 – *Audit Committees*.

##### **1.3 Appointment**

Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation.

The members of the Committee shall be appointed by the Board based on the recommendations from the Chair of the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

If a vacancy exists on the Committee for which the Board has not appointed a replacement member, the remaining members shall exercise the Committee’s power so long as quorum exists.

##### **1.4 Chair**

The Chair of the Committee (the “Chair”) may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Chair shall be responsible for the overall leaders of the Committee including:

- (a) setting an agenda for all meetings of the Committee based on consultation with members of the Committee, the Board and management, as appropriate;
- (b) chairing committee meetings and fostering dialogue among members of the Committee;
- (c) adopting procedures so that the Committee can conduct business and function effectively;
- (d) making arrangements for management, outside advisors and other individuals to attend meetings, as appropriate, in order to assist the Committee to carry out its work;
- (e) ensuring members of the Committee are familiar with their duties and obligations under this Charter;
- (f) promoting honest and ethical decision-making in all aspects of the Committee’s business;

- (g) ensuring decisions and actions taken at Committee meetings are reported to the Board; and
- (h) performing any other duties as directed by the Board.

## **ARTICLE 2 - DUTIES AND RESPONSIBILITIES**

### **2.1 Duties and Responsibilities**

The Committee shall have the following authority and responsibilities:

- (a) to determine the qualifications, qualities, skills and other expertise required to be a director of the Corporation and to develop and recommend to the Board for its approval criteria to be considered in selecting nominees for director (the “**Director Criteria**”);
  - (i) in developing Director Criteria the Committee should consider:
    - (A) the competencies and skills that the board as a whole should possess;
    - (B) the competencies and skills that each existing director possesses;
    - (C) the personality and other qualities of each director and how these impact boardroom dynamics; and
    - (D) the appropriate size of the board for facilitating effective decision making;
- (b) to identify and screen individuals qualified to become members of the Board, consistent with the Director Criteria;
  - (i) the Committee may consider any director candidates recommended by the Corporation’s shareholders pursuant to the procedures set forth in the Business Corporations Act (Ontario) and the Corporation’s by-laws and described in the Corporation’s management information circular;
- (c) to make recommendations to the Board regarding the selection and approval of the nominees for director to be submitted to a shareholder vote at the annual meeting of shareholders;
- (d) to develop and recommend to the Board a set of corporate governance principles and guidelines applicable to the Corporation, to review these principles at least once a year and to recommend any changes to the Board;
- (e) to oversee the Corporation’s corporate governance practices and procedures, including identifying best practices and reviewing and recommending to the Board for approval any changes to the documents, policies and procedures in the Corporation’s corporate governance framework;
- (f) to review and discuss with management disclosure of the Corporation’s corporate governance practices, including information regarding the operations of the Committee and other Board committees, director independence and the director nominations process and to recommend that this disclosure be included in the Corporation’s management information circular;
- (g) to develop, subject to approval by the Board, a process for an annual assessment of effectiveness of the Board and its committees and to oversee the conduct of this annual assessment;
- (h) to review the Board’s committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chair annually;

- (i) if a vacancy on the Board and/or any Board committee occurs, to identify and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancy either by election by shareholders or appointment by the Board;
- (j) to develop and oversee a Corporation orientation program for new directors and a continuing education program for current directors, periodically review these programs and update them as necessary;
- (k) to develop and recommend to the Board for approval director independence standards in addition to those required by applicable securities laws and stock exchange requirements and to evaluate the independence of each director at least annually;
- (l) to develop and recommend to the Board for approval a Corporation policy for the review and approval of any transactions or agreements in which a director or executive officer has a material interest (“**Conflict Transactions**”) and review, approve and oversee any Conflict Transaction on an ongoing basis in accordance with the Corporation’s approval policy for Conflict Transactions;
- (m) to develop and recommend to the Board for approval a Code of Business Conduct and Ethics (the “**Code**”), to investigate any alleged breach or violation of the Code, to enforce the provisions of the Code and to review the Code periodically and recommend any changes to the Board;
- (n) to develop and recommend to the Board for approval a CEO or officer succession plan (the “**Succession Plan**”), to review the Succession Plan periodically, develop and evaluate potential candidates for CEO or executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan;
- (o) to review any director resignation letter tendered and evaluate and recommend to the Board whether such resignation should be accepted in accordance with Corporation’s director majority voting policy set out in Corporation’s corporate governance guidelines or by-laws;
- (p) report to the Board on the activities of the Committee, including any decisions and actions taken by the Committee; and
- (q) perform any other activities as are consistent with the Charter, the Corporation’s by-laws, applicable legislation, guidelines and practices as the Committee or the Board deems necessary or appropriate for the fulfilment of the Committee’s duties and responsibilities.

## **2.2 Outside Advisors**

The Committee shall have the authority, in its sole discretion, to engage independent counsel and other advisors as it determines necessary to assist with the execution of its duties and responsibilities as set for in this Charter. The Committee shall set and pay the compensation for any advisor employed by the Committee at the cost of the Corporation without obtaining Board approval.

## **ARTICLE 3 - MEETINGS**

### **3.1 Time and Location**

The Committee shall meet at least three times a year at such times and places as it deems necessary to fulfill its responsibilities. A meeting of the Committee may be convened by the Board or any member of the Committee who requests a meeting. Notice of every meeting shall be given to each member of the Committee. At least 48 hours’ notice of a meeting is required, unless such notice is waived or shortened with the consent of all members of the Committee.

### **3.2 Quorum**

A quorum for decisions of the Committee shall be a majority of the Committee members, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.

### **3.3 Agenda**

The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared materials are circulated to the Committee with sufficient time for study prior to the meeting.

### **3.4 Majority Vote**

At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision.

### **3.5 Management**

The Committee may invite such directors, officers and employees of the Corporation to its meetings as it deems appropriate to assist the Committee with the fulfilment of its duties and responsibilities. However, the Committee shall meet regularly without such members present.

### **3.6 Minutes**

At each meeting, the Committee may appoint an individual to act as secretary for the meeting (the “**Secretary**”). The Secretary shall circulate the minutes of meetings of the Committee to members of the Committee.

The Committee shall approve and retain minutes of all Committee meetings. The powers of the Committee may be exercised by written resolution signed by a quorum of the members of the Committee.

### **3.7 Summary of Meetings**

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request of the Board.

## **ARTICLE 4 - DELEGATION OF AUTHORITY**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

## **ARTICLE 5 – PERFORMANCE EVALUATION**

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

## SCHEDULE “C” – COMPENSATION COMMITTEE CHARTER

### AVANTE LOGIXX INC. (the “Corporation”)

#### ARTICLE 1- ROLE AND MEMBERSHIP

##### 1.1 Role

The Compensation Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”) of the Corporation. Its purpose is to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation of the Corporation.

##### 1.2 Composition

The Committee shall be comprised of at least two directors. If the Committee is comprised of two directors, neither director shall be an officer or employee of the Corporation or any of its subsidiaries or any affiliate thereof. If the Committee is comprised of three or more directors, the majority of members shall be comprised of directors who are not officers or employees of the Corporation or any of its subsidiaries or any affiliate thereof. Each independent Committee member shall satisfy the independence requirements set out by Section 1.4 of National Instrument 52-110 – *Audit Committees*.

##### 1.3 Appointment

Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation.

The members of the Committee shall be appointed by the Board based on the recommendations from the Chair of the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

If a vacancy exists on the Committee for which the Board has not appointed a replacement member, the remaining members shall exercise the Committee’s power so long as quorum exists.

##### 1.4 Chair

The Chair of the Committee (the “**Chair**”) may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Chair shall be responsible for the overall leadership of the Committee, including:

- (a) setting an agenda for all meetings of the Committee based on consultation with members of the Committee, the Board and management, as appropriate;
- (b) chairing committee meetings and fostering dialogue among members of the Committee;
- (c) adopting procedures so that the Committee can conduct business and function effectively;
- (d) making arrangements for management, outside advisors and other individuals to attend meetings, as appropriate, in order to assist the Committee to carry out its work;

- (e) ensuring members of the Committee are familiar with their duties and obligations under this Charter;
- (f) promoting honest and ethical decision-making in all aspects of the Committee’s business;
- (g) ensuring decisions and actions taken at Committee meetings are reported to the Board; and
- (h) performing any other duties as directed by the Board.

## **ARTICLE 2 - DUTIES AND RESPONSIBILITIES**

### **2.1 Duties and Responsibilities**

The Committee, without limiting these duties and responsibilities, shall:

- (a) review and approve annually the corporate goals and objectives applicable to the compensation of the chief executive officer (“**CEO**”), evaluate at least annually the CEO’s performance in light of those goals and objectives, and determine and make recommendations to the Board with respect to the CEO’s compensation level (both cash- and equity-based) based on this evaluation;
- (b) in cooperation with the Corporation’s Audit Committee, review and approve annually the corporate goals and objectives applicable to the compensation of the chief financial officer (“**CFO**”), evaluate at least annually the CFO’s performance in light of those goals and objectives, and determine and make recommendations to the Board with respect to the CFO’s compensation level (both cash- and equity-based) based on this evaluation;
- (c) review the compensation to be paid to the three highest earning executives (excluding the CEO and CFO), as approved by the CEO or CFO;
- (d) review and make recommendations to the Board regarding incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the shareholders of the Corporation, which includes the ability to adopt, amend and terminate such plans;
- (e) review and discuss with management the Corporation’s Statement of Executive Compensation, including the disclosure with respect to compensation paid to the five highest earning executives, to be included in the Corporation’s management information circular and any other disclosure with respect to executive compensation to be included in any other public disclosure documents of the Corporation;
- (f) review and make recommendations to the Board regarding any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans;
- (g) determine share ownership guidelines for the CEO and other executive officers and monitor compliance with such guidelines;
- (h) review and make recommendations to the Board regarding all employee benefit plans for the Corporation, which includes the ability to adopt, amend and terminate such plans;
- (i) review the Corporation’s incentive compensation policies and practices to determine whether they involve risks that are reasonably likely to have a material adverse effect on

the corporation and to review and discuss, at least annually, the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk;

- (j) develop and recommend to the Board for approval a CEO or officer succession plan (the “**Succession Plan**”), to review the Succession Plan periodically, develop and evaluate potential candidates for CEO or executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan;
- (k) report to the Board on the activities of the Committee, including any decisions and action taken by the Committee; and
- (l) perform any other activities as are consistent with this Charter, the Corporation’s by-laws, applicable legislation, guidelines and practices as the Committee or the Board deems necessary or appropriate for the fulfilment of the Committee’s duties and responsibilities.

## **2.2 Outside Advisors**

The Committee shall have the authority, in its sole discretion, to engage independent counsel and other advisors as it determines necessary to assist with the execution of its duties and responsibilities as set for in this Charter. The Committee shall set and pay the compensation for any advisor employed by the Committee at the cost of the Corporation without obtaining Board approval.

## **ARTICLE 3 - MEETINGS**

### **3.1 Time and Location**

The Committee shall meet at least three times a year at such times and places as it deems necessary to fulfill its responsibilities. A meeting of the Committee may be convened by the Board or any member of the Committee who requests a meeting. Notice of every meeting shall be given to each member of the Committee. At least 48 hours’ notice of a meeting is required, unless such notice is waived or shortened with the consent of all members of the Committee.

### **3.2 Quorum**

A quorum for decisions of the Committee shall be both Committee members, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other or if there are more than two members of the Committee then shall be a majority of both Committee members, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.

### **3.3 Agenda**

The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared materials are circulated to the Committee with sufficient time for study prior to the meeting.

### **3.4 Majority Vote**

At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision.

### **3.5 Management**

The Committee may invite such directors, officers and employees of the Corporation to its meetings as it deems appropriate to assist the Committee with the fulfillment of its duties and responsibilities. However, the Committee shall meet regularly without such members present.

### **3.6 Minutes**

At each meeting, the Committee may appoint an individual to act as secretary for the meeting (the "Secretary"). The Secretary shall circulate the minutes of meetings of the Committee to the members of the Committee.

The Committee shall approve and retain minutes of all Committee meetings. The powers of the Committee may be exercised by written resolution signed by a quorum of the members of the Committee.

### **3.7 Summary of Meetings**

The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request of the Board.

## **ARTICLE 4 - DELEGATION OF AUTHORITY**

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

## **ARTICLE 5 - PERFORMANCE EVALUATION**

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

## **SCHEDULE “D” – INVESTMENT COMMITTEE CHARTER**

### **AVANTE LOGIXX INC.**

#### **Purpose**

The Investment Committee (“Committee”) of Avante Logixx Inc., (the “Company” or “Avante”) is appointed by its Board of Directors (the “Board”) to review and assess, and assist the Board in reviewing and assessing, potential acquisitions, strategic investments and divestitures. The Investment Committee will have the authority to take all actions on behalf of the Board as is set forth in this Charter.

#### **Definitions**

- **Management** – Management is defined as the Chief Executive Officer, Chief Financial Officer or Chief Operating Officer and in order for management to approve a transaction it must be signed off by two (2) of these members.
- **Arm’s Length** – all members involved in the decision-making process must be independent and on an equal footing. Should a member have any involvement in a proposed opportunity they will recuse themselves from the decision-making process and appoint an interim member to act on their behalf.

#### **Investment Strategy**

To become a leader in technology enabled security solutions through the acquisition of leading security services provider allowing Avante to become a holistic security provider to large, multinational accounts.

Targeting a return on invested capital (“ROIC”) of 14-15% with an internal rate of return (“IRR”) greater than 15% given a reasonable set of assumptions. Debt to Equity ratios are not to exceed 3.0x leverage at completion of a proposed transaction, with a goal of maintaining no more than 2.5x leverage moving forward.

Areas of focus are grouped based on the Company’s Strategic Business Units (SBUs):

- Protective Services
- Monitoring & Managed Services
- Cyber Security
- Electronic Security
- Security Devices & Hardware
- Investigations & Intelligence

#### **Membership**

The Investment Committee will consist of three members of the Board. At least two (2) members of the Investment Committee must meet the independence requirements of the TSX, any other regulatory requirements applicable to the Company, and any additional independence requirements set forth in the Company’s Corporate Governance Guidelines. Each Committee member shall be subject to annual reconfirmation and may be removed by the Board at any time.

#### **Authority and Responsibilities**

1. Review, and provide guidance to management and the Board with respect to, the Company’s acquisition, investment, and divestiture strategies;

2. To review and approve periodically policies and guidelines governing the Company's investment portfolio and monitor compliance with those policies;
3. To review and approve periodically policies and guidelines regarding the Company's use of debt/ securitization and monitor compliance with those policies;
4. Assist management and the Board with the identification of acquisition, investment, and divestiture opportunities;
5. Oversee management and the Board's due diligence process with respect to proposed acquisitions, investments, and divestitures;
6. Review acquisition, investment, and divestiture candidates with management, when and as appropriate. In connection with such review, the Investment Committee has the following authority and responsibilities:
7. Request that management prepare and present post-acquisition performance reviews on specified acquisitions with such frequency as the Investment Committee may designate;
8. Provide a report of its meetings and activities to the full Board on a regular basis.

See Appendix attached for "Investment Authorization Matrix"

When a transaction is approved by Management or the Committee pursuant to the parameters stated above, the full Board shall be informed of such decision within three (3) business days and be provided with an Investment Memo within ten (10) business days of approval.

#### **Investigations, Studies and Use of Outside Advisers**

1. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary for the proper performance of its responsibilities.
2. The Company's CEO, and the Committee shall each have the authority to retain or terminate any consultant or advisor retained at the direction of the Committee to assist the Committee in carrying out its responsibilities, including authority to approve the fees or other compensation, and other retention terms, of such consultant or advisor, such fees or other compensation to be borne by the Company.

#### **Organization**

1. The Investment Committee shall convene periodically as necessary to act upon any matter within its jurisdiction;
2. A quorum of the Investment Committee consists of a majority of its members. All actions of the Investment Committee must be approved by a majority vote of the members present, unless there are only two members present, in which case such actions require a unanimous vote. Action may also be taken via unanimous written or electronic consent to the extent permitted by the Company's Bylaws;
3. Voting may be conducted verbally and the results, together with all other business conducted at each meeting will be recorded in the minutes of the meeting;
4. In conjunction with the Corporate Governance Committee and its evaluation process, the Investment Committee annually reviews its own performance and the adequacy of this Charter;
5. Minutes shall be kept of each meeting of the Committee.