

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.**

**MOTION RECORD
(Returnable December 22, 2022)**

December 15, 2022

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capacity as Monitor of 14544072 Canada
Inc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.**

**NOTICE OF MOTION
(Returnable December 22, 2022)**

GRANT THORNTON LIMITED ("**Grant Thornton**"), in its capacity as monitor (the "**Monitor**") of 14544072 Canada Inc. ("**14544072**" or "**ResidualCo**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), will make a motion to the Ontario Superior Court of Justice (Commercial List) on December 22, 2022, at 10:30 a.m., or as soon after that time as the motion can be heard, by judicial video conference via Zoom in Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard by videoconference.

THE MOTION IS FOR:

- (a) an Order substantially in the form attached hereto as Schedule "A" (the "**Draft Order**");
 - (i) abridging the time for service of the Notice of Motion and Motion Record, if necessary, and validating service thereof;

- (ii) extending the Stay Period (as defined at paragraph 15 of the Initial Order (defined below) of the Honourable Madam Justice Conway, dated December 1, 2022) up to and including January 31, 2023 (the “**Stay Extension**”);
- (iii) authorizing and directing the Monitor, on behalf of ResidualCo, to distribute sufficient funds to pay, in full, the secured indebtedness owed to Silicon Valley Bank (“**SVB**”), as the primary secured creditor of ResidualCo.
- (iv) approving the Monitor’s First Report dated December 15, 2022 and the actions, conduct and activities of the Monitor as further described in the Monitor’s First Report.
- (v) declaring that the *Wage Earner Protection Program Act (Canada), SC 2005, c 47, s 1* (“**WEPPA**”) applies to ResidualCo. and the employee(s) that were terminated on or just prior to the closing of the Transaction and as a result of ResidualCo’s (formerly the Company’s) restructuring proceedings; and,
- (vi) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

BACKGROUND

Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Monitor’s First Report.

- (a) ResidualCo is a company that holds: (i) proceeds from a Court approved sale transaction; and (ii) certain liabilities of the former CCAA applicant in these proceedings—iS5 Communications Inc.—which were transferred to ResidualCo pursuant to a Reverse Vesting Order granted in these proceedings on December 1, 2022 as further described below.
- (b) iS5 Communications Inc. (the “**Company**”) provides integrated services and information technology solutions to clients, and manufactures intelligent industrial ethernet products designed to meet the stringent demand requirements of utility sub-stations, roadside transportation rail and industrial applications.
- (c) The Company filed a notice of intention to make a proposal under the BIA on August 5, 2022 (the “**NOI Proceeding**”) and named Grant Thornton as Proposal Trustee.
- (d) On August 8, 2022, the Court issued an Order approving, among other things three charges against the Company’s property, as follows:
 - (i) First – Administration Charge (to a maximum amount of C\$150,000);
 - (ii) Second – Directors’ Charge (to a maximum amount of C\$200,000); and
 - (iii) Third – DIP Lender’s Charge (to a maximum amount of US\$622,000 plus interest and reasonable costs and expenses payable to the DIP Term Sheet).(collectively the “**Charges**”)
- (e) On September 2, 2022, the Court issued an Order, among other things:

- (i) extending the time within which the Company must file a proposal with the Official Receiver under the BIA in the NOI Proceeding and the associated stay of proceedings in favour of the Company to and including October 17, 2022;
 - (ii) approving an interim distribution to SVB, in the amount of USD \$209,666.66; and
 - (iii) approving the Company's appointment of John Gillberry as an independent member of the Company's board of directors;
- (f) The first tranche of the DIP loan in the amount of USD \$600,000 was advanced to the Company under the DIP Term Sheet on August 9, 2022.
- (g) The second tranche of the DIP loan in the amount of USD \$500,000 could only be advanced subject to a further Order of the Court. As a result of closing of the Transaction, the Company did not require this tranche and it was not advanced.
- (h) On October 17, 2022, the Court issued an Order approving, among other things:
 - (i) the sale and investor solicitation process ("**SISP**") to identify one or more financiers, purchasers of and/or investors in the Company, its business and/ or assets to make an offer that is superior to the offer contemplated by the Stalking Horse Agreement;
 - (ii) the share purchase agreement (the "**Stalking Horse Agreement**") between the Company and Elektropheonix GmbH (the "**Stalking Horse Bidder**") to act as the minimum bid in the SISP; and

- (iii) extending the time period for the Company to file a proposal in the NOI Proceeding, and the associated stay of proceedings to and including December 1, 2022;
- (i) On December 1, 2022, the Court issued three Orders, particularized below:
 - (i) an initial order (the “**Initial Order**”) under the CCAA, among other things:
 - (a) declaring that iS5 is a company to which the CCAA applies;
 - (b) continuing the NOI Proceeding (as defined below) under the CCAA;
 - (c) appointing the Monitor;
 - (d) granting a stay of proceedings until December 23, 2022;
 - (e) continuing the Charges that were granted in the NOI Proceeding to remain in force and effect in the CCAA proceeding;
 - (f) extending the benefit of the Administration Charge to the Monitor, counsel to the Monitor and counsel to the Company in the CCAA proceeding, and,
 - (g) increasing the quantum of the Administration Charge to CAD \$350,000 to ensure that the fees and disbursements of the Proposal Trustee/ Monitor and its legal counsel, as well as the Company’s legal counsel, are adequately secured.
 - (ii) An approval and reverse vesting order (the “**Reverse Vesting Order**”), among other things:

- (a) authorizing and approving the Transaction with the Stalking Horse Bidder.
 - (b) vesting out of the Company all Excluded Assets, Excluded Contracts and Excluded Liabilities (as defined in the Stalking Horse Agreement), which were transferred to ResidualCo;
 - (c) authorizing the Company to file articles of reorganization, issue New Common Shares, undertake the Consolidation and Cancellation, and authorizing the Company to issue the Post-Consolidation Shares (each as defined in the Stalking Horse Agreement), and vesting in the Stalking Horse Purchaser all right, title, benefit and interest in and to the Post-Consolidation Shares free and clear of any claims and encumbrances, such that the Stalking Horse Purchaser will be the sole shareholder of the Company after closing of the Transaction;
 - (d) authorizing the Monitor to cause ResidualCo to file an assignment in bankruptcy, naming Grant Thornton as trustee in bankruptcy; and
- (iii) An ancillary order (the “**Ancillary Order**”), among other things:
- (a) approving the fourth report of Grant Thornton, in its capacity as Proposal Trustee, and the actions, conduct and activities of the Proposal Trustee described therein; and
 - (b) approving the fees and disbursements of the Proposal Trustee and its legal counsel incurred in connection with the NOI Proceeding.

THE SISP

- (j) The SISP was administered by the Company and the Proposal Trustee in an effort to identify offers that were superior to the offer contained in the Stalking Horse Agreement.
- (k) Ultimately, the Stalking Horse Agreement was the successful bid, receiving Court approval through the Reverse Vesting Order.

THE STALKING HORSE AGREEMENT

- (l) The Stalking Horse Agreement stipulated a purchase price of USD \$5 million, a portion of which is comprised of a “credit bid” of amounts owing under the DIP Term Sheet.
- (m) The cash portion of the purchase price is sufficient to repay SVB in full, and is expected to result in a distribution to the Company’s second lien secured noteholders (the “**Secured Noteholders**”).

CLOSING OF THE TRANSACTION & ENHANCED MONITOR’S POWERS

- (n) The Reverse Vesting Order granted the Monitor enhanced powers to allow it to administer ResidualCo, assist the Company in closing the Transaction, and subject to Court approval, make the proposed distributions to the ResidualCo’s secured creditors following the closing of the Transaction.
- (o) Following the granting of the Reverse Vesting Order, the Transaction closed on December 14, 2022.

- (p) The Monitor confirms receipt of the net sale proceeds of the Transaction in the trust account opened by the Monitor for ResidualCo in accordance with the enhanced powers provided to the Monitor pursuant to the Reverse Vesting Order.
- (q) With the closing of the Transaction, the Company has exited the CCAA proceeding and ResidualCo has been added as the sole debtor.
- (r) The enhanced Monitor powers include, among other things, the power to exercise any powers which may be properly exercised by a board of directors of ResidualCo, and to cause ResidualCo to make an assignment in bankruptcy.

DISTRIBUTION TO SVB

- (s) Among other provisions, the Reverse Vesting Order contemplates that the cash proceeds of the Transaction will be available to distribute to the Company's creditors in accordance with their priorities.
- (t) The Monitor's counsel, Cozen O'Connor LLP ("Cozen"), has reviewed the security documents held by SVB as granted by the Company. Cozen has provided an independent opinion to the Monitor (in its former capacity as Proposal Trustee)—subject to customary qualifications and assumptions—that SVB has a valid and enforceable claim and general security over the Company's assets, and consequently ResidualCo's assets. The Monitor has estimated that SVB's claim is approximately US\$1,800,000.00 and has requested a payout statement as at December 23, 2022.
- (u) The Monitor is not aware of any outstanding claims which would rank in priority to SVB's security.

- (v) The Monitor respectfully requests the Court grant an Order authorizing and directing the Monitor to distribute a portion of the sale proceeds from the Transaction (net of pre-closing operating costs) to SVB to pay, in full, the secured indebtedness owed to SVB.

WAGE EARNER PROTECTION PROGRAM ACT (CANADA) APPLICABLE

- (w) It is the Monitor's view that one or more of the employees of the Company who were recently terminated prior to the closing of the Transaction would be eligible to receive a payment under the WEPPA program. Pursuant to the Reverse Vesting Order, certain liabilities of the Company, including liabilities under WEPPA, have transferred to ResidualCo following the closing of the Transaction, therefore the Monitor is of the view that pursuant to section 5(5) of WEPPA, ResidualCo and such former employee(s) meet the criteria prescribed by section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 and are individuals to whom the WEPPA is applicable. As a result, the Monitor respectfully requests that the Court grant an Order declaring that ResidualCo and such former employee(s) are parties to which the WEPPA applies.

REQUEST FOR STAY EXTENSION

- (x) On behalf of ResidualCo, the Monitor also respectfully requests an extension of the Stay Period up to and including January 31, 2023 in order to provide sufficient time to:
 - (i) finalize the Monitor's review of the security and related directions to request approval from this Court for a distribution to the group of subordinate ranking Secured Noteholders of ResidualCo;

- (ii) Provide reasonable and sufficient service to creditors associated with Excluded Liabilities, Excluded Assets, and Excluded Contracts from the Transaction, and in respect of the relief to be requested by the Monitor;
 - (iii) Provide proper service in anticipation of seeking a termination of these CCAA proceedings;
 - (iv) Assign ResidualCo into bankruptcy following the completion of the Monitor's activities in respect of ResidualCo;
 - (v) Seek approval of the Monitor's activities and fees (and that of its counsel), and the Monitor's discharge; and
 - (vi) Any other relief that may be appropriate in the circumstances.
- (y) The Monitor is not aware of any creditors and/or stakeholders that would be prejudiced by the requested Stay Extension.
- (z) It is the Monitor's view that an extension of the stay of proceedings of approximately one month is appropriate to provide for due process, a final review of claims in anticipation of a final distribution as may be approved by this Court, a final review of any and all outstanding matters prior to concluding these CCAA Proceedings, and proper service to the service list and affected parties.

OTHER GROUNDS

- (aa) The provisions of the CCAA, in particular, Section 11 and 11.02, and the inherent and equitable jurisdiction of this Court;
- (bb) the provisions of the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1;

- (cc) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (dd) Such further and other grounds as counsel may advised and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the Monitor's First Report; and,
- (b) such further and other material as counsel may advise and this Honourable Court may permit.

December 15, 2022

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In its capacity as Monitor of 14544072
Canada Inc.

TO: THE SERVICE LIST

SCHEDULE “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

JUSTICE ●

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THURSDAY, THE 22nd

DAY OF DECEMBER, 2022

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.

ORDER

THIS MOTION, made by Grant Thornton Limited (the "**Monitor**"), in its capacity as Monitor of 14544072 Canada Inc. ("**ResidualCo**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was heard this day by judicial video conference in Toronto, Ontario.

ON READING the Notice of Motion, the Monitor's first report dated December 15, 2022 ("**Monitor's First Report**") filed by Grant Thornton Limited in its capacity as Monitor of ResidualCo in connection with ResidualCo's (and formerly iS5 Communications Inc.'s ("**iS5**")) proceedings under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended ("**CCAA**" and with reference to these proceedings, the "**CCAA Proceedings**"), and on hearing submissions of counsel for the Monitor and counsel for those parties appearing as indicated by the counsel slip, no one appearing for any other party although duly served, as appears from the Affidavit of Service of Susan Gonsalves sworn December 15, 2022, filed:

1. THIS COURT ORDERS the time for and manner of service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and the Court hereby dispenses with further service thereof.

2. THIS COURT ORDERS that terms not otherwise defined herein shall have the meanings accorded to them in the Initial Order made in these proceedings on December 1, 2022 (the “**Initial Order**”).

3. THIS COURT ORDERS that the Stay Period be and is hereby extended until and including January 31, 2023.

4. THIS COURT ORDERS that the Monitor, on behalf of ResidualCo, distribute sufficient funds to pay, in full, the secured indebtedness owed to Silicon Valley Bank (“**SVB**”), as the primary secured creditor of ResidualCo.

5. THIS COURT ORDERS that the Monitor’s First Report, and the actions, conduct and activities of the Monitor described therein, be and are hereby approved, provided, however, that only the Monitor, in its personal capacity only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

6. THIS COURT ORDERS AND DECLARES that the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 (“**WEPPA**”) applies to ResidualCo. and the employee(s) that were terminated on or just prior to the closing of the Transaction and as a result of ResidualCo’s (and formerly iS5’s) restructuring proceedings

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF 14544072 CANADA INC.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at
TORONTO

ORDER

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF 14544072 CANADA INC.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at
TORONTO

**NOTICE OF MOTION
(Returnable December 22, 2022)**

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Lawyers for Grant Thornton Limited,
In its capacity as Monitor of 14544072 Canada Inc.

TAB 2

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.**

FIRST REPORT OF MONITOR

December 15, 2022



**Grant Thornton Limited
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**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.**

FIRST REPORT OF MONITOR

December 15, 2022

INTRODUCTION AND BACKGROUND

1. 14544072 Canada Inc. ("**ResidualCo**") is a company that holds: (i) proceeds from a court approved sale transaction; and (ii) certain liabilities of the former CCAA applicant in these proceedings, iS5 Communications Inc., which were transferred to ResidualCo pursuant to a reverse vesting order granted in these proceedings on December 1, 2022, as further described below.
2. iS5 Communications Inc. ("**iS5**" or the "**Company**") is a company that provides customers with information technology services and proprietary hardware products. Specifically, the Company services critical infrastructure, including the energy, transportation, heavy industrial, and defense industries. The Company's products are used in digital transformation and cybersecurity applications. The

Company operates from a third-party leased premise located at 5895 Ambler Drive, Mississauga, Ontario.

3. This report (the “**Monitor’s First Report**”) is filed by Grant Thornton Limited in its capacity as monitor (in such capacity, the “**Monitor**”) of ResidualCo in connection with ResidualCo’s proceeding under the *Companies’ Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended (“**CCAA**” and with reference to this proceeding, the “**CCAA Proceeding**”), and pursuant to orders made by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on December 1, 2022 which had the effect of converting iS5’s prior NOI proceedings to the current CCAA Proceedings, approval of a sale transaction, amongst other relief, and as further described below. Copies of the Initial Order and Approval and Vesting Order are attached hereto as **Appendix “1”**.
4. On August 5, 2022, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”) and appointed Grant Thornton Limited as proposal trustee.
5. On August 8, 2022, pursuant to a motion by the Company, the Court granted an Order (the “**August 8 Order**”) approving of a \$1.2 million (USD) DIP Facility where a total of \$600,000 (USD) was advanced. In addition, three charges were granted against iS5’s property, as follows:
 - a. First – Administration Charge (to the maximum amount of CDN \$150,000;
 - b. Second - Directors’ Charge (to the maximum amount of CDN \$200,000);and,

- c. Third - DIP Lender's Charge (to the maximum amount of USD \$622,000 plus interest and reasonable costs and expenses payable pursuant to the DIP Term Sheet).
- 6. On September 2, 2022, pursuant to a motion by the Company, the Court granted an Order (the "**September 2 Order**") approving, amongst other things:
 - a. the Company's request for an extension of the stay of proceedings to October 17, 2022, representing a 44-day extension from the expiry of the initial 30-day stay of proceedings pursuant to the filing of the Company's NOI on August 5, 2022;
 - b. an interim distribution by the Company to the Company's primary secured creditor, Silicon Valley Bank ("**SVB**");
 - c. the Company's appointment of Mr. John Gillberry as an independent director of the Company to assist management during a future anticipated sale process and sale transaction.
- 7. On October 17, 2022, pursuant to a motion by the Company, the Court granted an Order (the "**October 17 Order**") approving, amongst other things:
 - a. the Stalking Horse Agreement between the Company and Elektrophoenix GmbH (the "**Stalking Horse Bidder**"), an affiliate of Phoenix Contact Venture Funds I GmbH ("**Phoenix Venture**");
 - b. the sale and investment solicitation process (the "**SISP**"); and,
 - c. the Company's request for an extension of the stay of proceedings to December 1, 2022, representing a 45-day extension from the expiry of the first extension pursuant to the September 2 Order.

8. On December 1, 2022, pursuant to a motion by the Company, the Court granted three orders (the “**December 1 Orders**”) which:
- a. approved of the proposed sale transaction (the “**Transaction**”) to the Stalking Horse Bidder (hereinafter referred to as the “**Purchaser**”), based on the results of the SISP, and pursuant to the approved Share Purchase Agreement as between the Company and the Purchaser. The Transaction contemplated a reverse vesting order sale transaction (including releases), the use of a residual company (14544072 Canada Inc./ResidualCo), enhanced Monitor powers to assist with the administration of ResidualCo, and the eventual assignment into bankruptcy of ResidualCo;
 - b. continued the NOI proceedings under the CCAA Proceeding whereby all prior orders granted by the Court under the NOI proceedings would remain in full force and effect;
 - c. appointed the Monitor and granted a stay of proceedings from December 1, 2022, to December 23, 2022;
 - d. increased the Administration Charge from CDN \$150,000 to CDN \$350,000, and extending the benefit of such charge to the Monitor, and the Monitor’s legal counsel; and,
 - e. approved certain activities, professional fees, and reports of the Proposal Trustee and its counsel.
9. The Fourth Report of the Proposal Trustee dated November 23, 2022 (without appendices) (the “**Fourth Report**”) is attached hereto as **Appendix “2”**.

PURPOSE OF THIS REPORT

10. The purpose of this Monitor's First Report is to provide the Court with an update with respect to the successful closing of the Transaction, a cash flow update, and to seek approval to:
 - a. authorize and direct the Monitor, on behalf of ResidualCo, to distribute sufficient funds to pay, in full, the secured indebtedness owed to SVB, as the primary secured creditor of ResidualCo;
 - b. extend the stay of proceedings to January 31, 2023 to provide sufficient time to review and seek approval of further distributions, the assignment into bankruptcy of ResidualCo, the termination of this CCAA Proceeding, the discharge of the Monitor, and other ancillary relief;
 - c. declare that the *Wage Earner Protection Program Act (Canada), SC 2005, c 47, s 1* ("**WEPPA**") applies to ResidualCo and the employee(s) that were terminated on or just prior to the closing of the Transaction and as a result of iS5's restructuring proceedings; and,
 - d. approve the Monitor's First Report and the activities of the Monitor.
11. Further background information concerning the Company and ResidualCo and its stakeholders is provided in the four Dias Affidavits which have been filed with the Court, and which are also available on the Monitor's webpage (and within the respective motion records), www.grantthornton.ca/iS5.

RESTRICTIONS

12. In preparing this Monitor's First Report, the Monitor has relied upon unaudited financial information, the Company's records prior to closing of the Transaction,

financial information, projections and discussions with the Company's management and employees prior to closing of the Transaction. While the Monitor reviewed various documents provided by the Company prior to closing of the Transaction and believes that the information therein provides a fair summary of the transactions and material as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Monitor expresses no opinion or other form of assurance pursuant to GAAP or IFRS with respect to such information.

13. This Monitor's First Report has been prepared for the use of this Court and the ResidualCo's stakeholders as general information relating to ResidualCo. Accordingly, the reader is cautioned that this Monitor's First Report may not be appropriate for any other purpose.
14. All references to dollars are denoted in its currency.
15. Capitalized terms not defined in this Monitor's First Report have the meanings ascribed to them in the Dias Affidavits, the First Report, Second Report, Third Report, Fourth Report, and the Stalking Horse Agreement.
16. Any reference to the activities of the Monitor relating to the Company relate to the time period from the Monitor's appointment on December 1, 2022 up to and including the Closing of the Transaction.

SALE TRANSACTION

17. On December 14, 2022, the Monitor received written confirmation from counsel to the Company and counsel to the Purchaser that the underlying conditions and requirements of the Court approved Share Purchase Agreement (“**SPA**”, a copy of which is attached hereto as **Appendix “3”**) had been satisfied. In addition, the Monitor confirmed receipt of the net sale proceeds in the trust account opened for ResidualCo and pursuant to the enhanced powers provided to the Monitor pursuant to the December 1 Orders.
18. As a result of the Monitor receiving the above referenced confirmations from counsel to the Company and counsel to the Purchaser, as well as receiving the net sale proceeds, the Monitor issued its Monitor’s Certificate (pursuant to the December 1 Orders) on December 14, 2022, a copy of which has been filed with the Court, attached hereto as “**Appendix 4**”, and available on the Monitor’s case web page at www.grantthornton.ca/is5.
19. With the closing of the Transaction, the Purchaser owns all of the issued and outstanding shares of iS5 and iS5 is no longer a party to the CCAA Proceeding, where the DIP Facility is no longer required or active, and the net sale proceeds, as well as certain Excluded Assets, Excluded Liabilities, and Excluded Contracts (including for greater certainty any related claims or encumbrances) have been transferred to and vest with ResidualCo.
20. The Excluded Liabilities from the Transaction include all pre-NOI filing liabilities, liabilities associated with recently terminated employees, any liabilities associated with the change in control of the Company resulting from the closing of the Transaction, potentially certain post-filing liabilities, which are being further

investigated by the Monitor and the Purchaser, and any liabilities associated with Excluded Assets or Excluded Contracts.

21. The Monitor continues to work with the Purchaser to identify potential creditors that would be associated with Excluded Liabilities, Excluded Assets, and Excluded Contracts, so that such parties may be provided notice on the status of their claim, and prior to any motion to seek further distributions of the net sale proceeds, as well as the termination of these CCAA Proceedings.
22. It is the Monitor's view that one or more of the employees of iS5 who were recently terminated prior to the closing of the Transaction would be eligible to receive a payment under the WEPPA program. The Monitor is also of the view that pursuant to section 5(5) of the WEPPA, iS5 (and now ResidualCo) and such former employee(s) meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA is applicable. As a result, the Monitor respectfully requests that the Court grant an order declaring that ResidualCo and such former employee(s) are parties to which the WEPPA applies.

CASH FLOW UPDATE

23. As part of its ongoing activities, the Monitor continued to review the Company's cash flow from operations on a weekly basis. The Monitor reviewed the Fifth Cash Flow Statement and discussed such with the Company. The Company responded to all of the Monitor's questions, including providing supporting documentation to assist the Monitor in monitoring the Company's cash flow performance.

24. Attached hereto as **Appendix “4”** is a copy of the Company’s Fifth Cash Flow Statement, with actual results to the week ending December 2, 2022.
25. The Company had maintained its cash flow in accordance with the Fifth Cash Flow Projection, with the exception of minimizing trade payables to maintain liquidity through to the closing of the Transaction.
26. As a result of the closing of the Transaction, the receipt by the Monitor of the net sale proceeds from the sale of iS5, and the fact that ResidualCo is not commencing any operations or ongoing business activity, the Monitor will no longer be monitoring cash flow activity and will instead focus on corresponding and providing notice to the creditors of ResidualCo, and preparing for final distributions and the conclusion of these CCAA Proceedings.

DISTRIBUTION

27. The Monitor’s counsel, Cozen, has reviewed the security documents held by SVB as granted by the Company. Cozen has provided an independent opinion to the Monitor (in its former capacity as Proposal Trustee), subject to customary qualifications and assumptions, that SVB has a valid and enforceable claim and general security over the Company’s assets, and consequently ResidualCo’s assets. The Monitor has estimated that SVB’s claim is approximately \$1.8 million and has requested a payout statement as at December 23, 2022.
28. The Monitor is not aware of any outstanding claims which would rank in priority to SVB’s security.

29. The Monitor respectfully requests the Court grant an order authorizing and directing the Monitor to distribute a portion of the sale proceeds from the Transaction (net of pre-closing operating costs) to SVB.

REQUEST FOR AN EXTENSION

30. On behalf of ResidualCo, the Monitor also respectfully requests an extension to the current stay of proceedings from December 22, 2022, to January 31, 2023, in order to provide sufficient time to:
- a. finalize the Monitor's review of the security and related directions to request approval to make a distribution to the group of subordinate ranking secured Noteholders of ResidualCo;
 - b. provide reasonable and sufficient service to creditors associated with Excluded Liabilities, Excluded Assets, and Excluded Contracts from the Transaction, and in respect of the relief to be requested by the Monitor;
 - c. provide proper service in anticipation of seeking a termination of these CCAA proceedings;
 - d. assign ResidualCo into bankruptcy following the completion of the Monitor's activities in respect of ResidualCo;
 - e. seek approval of the Monitor's activities and fees (and that of its counsel), and the Monitor's discharge; and,
 - f. any other relief that may be appropriate in the circumstance.
31. It is the Monitor's view that an extension to the stay of proceedings of approximately one month is appropriate to provide for due process, a final review of claims in anticipation of a final distribution, as may be approved by this Court, a

final review of any and all outstanding matters prior to concluding these CCAA Proceedings, and proper service to the service list and affected parties.

ACTIVITIES

32. Since the issuance of the Fourth Report of the Proposal Trustee, the Monitor has performed the following activities:
- a. corresponded and held numerous discussions with the Company and legal counsel with respect to cash flow monitoring, the closing of the Transaction, and relief associated with the December 1 Orders;
 - b. corresponded with the Company in regard to communications with customers, suppliers and employees;
 - c. corresponded with SVB's counsel, and counsel to the DIP Lender on matters related to these CCAA Proceedings and the relief being sought by the Monitor;
 - d. monitored the Company's financial operations and compared such to the Company's projections on a weekly basis, including assisting with the preparation and review of the Fifth Cash Flow Statement;
 - e. taken steps to open a bank account for ResidualCo, received the net cash proceeds of the Transaction on behalf of ResidualCo, and on behalf of ResidualCo arranged for the payment of accrued and outstanding fees;
 - f. responded to general creditor enquiries; and,
 - g. maintained a public website for these CCAA Proceedings in accordance with the Commercial List E-Service Protocol.

33. The Monitor respectfully requests that the Court approve of this Monitor's First Report and the Monitor's activities described herein.

CONCLUSION

34. Based on the above, the Monitor respectfully requests that the Court approve of the relief sought as set out in paragraph 10 of this Monitor's First Report and its Notice of Motion dated December 15, 2022.

All of which is respectfully submitted,

GRANT THORNTON LIMITED

*Solely in its role as Court-Appointed
Monitor of 14544072 Canada Inc.
and not in its personal or corporate capacity.*

Daniel Wootton

D. Wootton, CIRP, LIT
Senior Vice President

APPENDIX 1

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MADAM

)

THURSDAY, THE 1ST

)

JUSTICE CONWAY

)

DAY OF DECEMBER, 2022

)

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF iS5 COMMUNICATIONS INC.

**INITIAL ORDER
(Continuation Under CCAA)**

THIS APPLICATION, made by the applicant, iS5 Communications Inc. (the “**Applicant**”), to continue the proceedings commenced by the Applicant by the filing of a notice of intention to make a proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) bearing estate and court file number 32-2853708 (the “**NOI Proceeding**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day by video conference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Clive Dias sworn November 22, 2022 and the Exhibits thereto, the fourth report of Grant Thornton Limited (“**Grant Thornton**”) in its capacity as proposal trustee of the Applicant in the NOI Proceeding (in such capacity, the “**Proposal Trustee**”) dated November 23, 2022, and on being advised that the secured creditors who are likely to be affected by the charges continued herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for the Proposal Trustee, counsel for Phoenix Contact Venture Funds I GmbH (the “**DIP Lender**”), and counsel for those parties appearing as indicated by the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Daniel Richer sworn November 22, 2022 filed, and on

reading the consent of Grant Thornton to act as the monitor of the Applicant in these proceedings under the CCAA (in such capacity, the “**Monitor**”),

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. THIS COURT ORDERS that capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Order of the Honourable Justice Osborne granted in the NOI Proceeding on August 8, 2022 (the “**First Day Order**”).

CONTINUANCE UNDER THE CCAA

3. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies and the Applicant shall enjoy the benefits of the protection and authorizations provided to the Applicant by this Order.

4. THIS COURT ORDERS AND DECLARES that effective December 1, 2022, the NOI Proceeding is hereby taken up and continued under the CCAA and that, as of such date, the provisions of Part III of the BIA shall have no further application to the Applicant, save that any and all steps, agreements and procedures validly taken, done or entered into by the Applicant and all orders granted during the NOI Proceeding (collectively, the “**Existing Orders**”) shall remain valid and binding, notwithstanding the commencement of these CCAA proceedings, including, without limitation, the First Day Order. In the event of a conflict between an order granted in the NOI Proceeding and this Order, this Order shall govern.

5. THIS COURT ORDERS that the Monitor shall have the benefit of all rights and protections granted to the Proposal Trustee under the BIA and the Existing Orders including, without limitation, the First Day Order, except to the extent inconsistent with the terms of this Order or the CCAA.

6. THIS COURT ORDERS AND DIRECTS the Proposal Trustee to take all necessary steps in furtherance of its discharge as Proposal Trustee in the NOI Proceeding, including the taxation of its fees and disbursements and those of its counsel.

PLAN OF ARRANGEMENT

7. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement.

POSSESSION OF PROPERTY AND OPERATIONS

8. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

9. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

10. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the

Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

11. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

12. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real

property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, in accordance with past practice or on the terms pursuant to the lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

EMPLOYEES

14. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to terminate the employment of such of its employees as it deems appropriate.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

15. THIS COURT ORDERS that until and including December 23, 2022, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the

Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

17. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

18. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

19. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease c

licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

21. THIS COURT ORDERS that the indemnity provided by paragraph 3 of the First Day Order shall continue to be in force and effect in these proceedings pursuant to the CCAA.

APPOINTMENT OF MONITOR

22. THIS COURT ORDERS that Grant Thornton is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;

- (b) take any steps the Monitor deems necessary and appropriate to assist the Applicant to close the sale transaction between the Applicant and Elektrophenix GmbH (the “**Sale Transaction**”);
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Sale Transaction and such other matters as may be relevant to the proceedings herein;
- (d) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings;
- (e) advise the Applicant in its preparation of the Applicant’s cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

24. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or

collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the

Applicant on a weekly basis or on such other basis as agreed between the Applicant and the applicable payee. For greater certainty, the Monitor shall be entitled to be paid its reasonable fees and disbursements in respect of work performed in its former capacity as Proposal Trustee.

29. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

DIP FINANCING

30. THIS COURT ORDERS that paragraphs 10 to 16 of the First Day Order are incorporated into this Order and shall be given full force and effect.

VALIDITY AND PRIORITY OF CHARGES CREATED IN THE NOI PROCEEDING

31. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, and the DIP Lender's Charge (each as defined and granted in the First Day Order pursuant to paragraphs 4, 8 and 12 thereof, and collectively referred to herein as the "**Charges**") shall continue to be in force and effect in these proceedings pursuant to the CCAA with the priorities provided for in paragraph 33 hereof.

32. THIS COURT ORDERS that the Monitor, counsel to the Monitor, and the Applicant's counsel shall be entitled to the benefit of the Administration Charge as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings.

33. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First, the Administration Charge;

Second, the Directors' Charge; and

Third, the DIP Lender's Charge.

34. THIS COURT ORDERS AND DECLARES that the Administration Charge be and is hereby increased to \$350,000.

35. THIS COURT ORDERS that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register, record or perfect.

36. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, except any validly perfected security interest in favour of equipment lessors.

37. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Charges (collectively, the “**Chargees**”), or further Order of the Court.

38. THIS COURT ORDERS that the Charges, the DIP Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

39. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

40. THIS COURT ORDERS AND DECLARES that, given the noticing procedures established and completed in the NOI Proceeding, the Monitor shall not be required to (i) publish any notices, (ii) send any notices to known creditors or (iii) prepare and publish a list showing names and addresses of those creditors and the estimated amounts of those claims.

41. THIS COURT ORDERS that the Guide Concerning Commercial List E-Service (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that the case website established in the NOI Proceeding (the “**Case Website**”) shall be used in these proceedings under the CCAA in accordance with the Protocol, which Case Website can be accessed at the following URL ‘<https://www.grantthornton.ca/service/advisory/creditor-updates/#iS5-Communications-Inc>’. The Monitor shall upload all documents filed in connection with these proceedings under the CCAA to the Case Website.

42. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

43. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

44. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

45. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

46. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative

in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

47. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

48. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF iS5 COMMUNICATIONS INC.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**Proceeding commenced at
Toronto**

**INITIAL ORDER
(Continuation Under CCAA)**

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Lawyers for the Applicant, iS5 Communications Inc.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MADAM

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)
)
)

THURSDAY, THE 1ST

JUSTICE CONWAY

DAY OF DECEMBER, 2022

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF iS5 COMMUNICATIONS INC.

**ORDER
(Approval and Vesting Order)**

THIS MOTION, made by iS5 Communications Inc. (the “**Debtor**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order, among other things: (i) approving the Share Purchase Agreement (the “**SPA**”) between the Debtor and Elektrophoenix GmbH (the “**Purchaser**”), dated October 17, 2022, and the transaction contemplated therein (the “**Transaction**”), (ii) adding 14544072 Canada Inc. (“**ResidualCo**”) as an applicant to these CCAA proceedings; (iii) transferring and vesting all of the Debtor’s right, title and interest in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (as defined in the SPA) to and in ResidualCo; and (iv) vesting all of the right, title and interest in and to the New Common Shares (as defined in the SPA) in the Purchaser; was heard on December 1, 2022, by video conference in accordance with the Guidelines To Determine Mode of Proceeding in Civil.

ON READING the Debtor’s Notice of Motion, the affidavit of Clive Dias sworn November 22, 2022, and the Fourth Report of Grant Thornton Limited (“**Grant Thornton**”), in its capacity as proposal trustee of the Debtor (in such capacity, the “**Proposal Trustee**”) in the proceedings commenced by the Debtor by the filing of a notice of intention to make a proposal under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”), bearing estate and court file number 32-2853708, dated November 23, 2022 (the “**Fourth**

Report”), and on hearing the submissions of counsel for the Debtor, counsel for Grant Thornton in its capacity as monitor in these CCAA proceedings (in such capacity, the “**Monitor**”), counsel for the Purchaser, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party, although duly served as appears from the affidavit of service of Daniel Richer sworn November 22, 2022, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby validated so that this Motion was properly returnable on December 1, 2022, and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the SPA.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the SPA and the Transaction be and are hereby approved and that the execution of the SPA by the Debtor is hereby authorized, approved and ratified, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor. The Debtor is hereby authorized and directed to perform its obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the New Common Shares and the Post-Consolidation Common Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that notwithstanding any provision hereof, the closing of the Transaction shall be deemed to occur in the manner, order and sequence set out in the SPA, including in accordance with the Closing Sequence, with such alterations, changes or amendments as may be agreed to by the Purchaser and the Debtor, with the approval of the Monitor, provided that such alterations, changes or amendments do not

materially alter or impact the Transaction or the consideration which the Debtor and/or its applicable stakeholders will benefit from as part of the Transaction.

5. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Debtor to proceed with the Transaction (including, for certainty, the Pre-Closing Reorganization and the Closing Sequence), and that no shareholder or other approval shall be required in connection therewith.

6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Monitor's certificate (the "**Monitor's Certificate**") to the Purchaser (the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded Assets and to the Proceeds (as defined below) in accordance with paragraph 9 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (b) second, all Excluded Contracts and Excluded Liabilities of the Debtor (which for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise), other than: (i) the Assumed Liabilities, and (ii) any set off claims asserted as defences to any claims made by the Debtor, shall be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Debtor, and the Debtor and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate (together with the Retained Assets, the "**Debtor's Property**") shall be and are hereby forever released and discharged from such Excluded Contracts and

Excluded Liabilities and all related Claims and all Encumbrances (each as defined below) affecting or relating to the Debtor's Property are hereby expunged and discharged as against the Debtor's Property;

- (c) third, all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (defined below) and are convertible or exchangeable for any securities of the Debtor or which require the issuance, sale or transfer by the Debtor, of any shares or other securities of the Debtor and/or the share capital of the Debtor, or otherwise relating thereto, shall be deemed terminated and cancelled;
- (d) fourth, all of the right, title and interest in and to the New Common Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other Order of the Court in this CCAA Proceeding; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems; and (iii) those Claims listed on Schedule “B” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “C” hereto). For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the New Common Shares are hereby expunged and discharged as against the New Common Shares; and
- (e) fifth, the Debtor shall be deemed to cease being a Debtor in these CCAA proceedings, and the Debtor shall be deemed to be released from the purview of the Initial Order and all other Orders of this Court granted in respect of this

CCAA Proceeding, save and except for this Order, the provisions of which (as they relate to the Debtor) shall continue to apply in all respects.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof in connection with the Transaction.
8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Debtor and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Monitor's Certificate.
9. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the New Common Shares (including, for greater certainty, the Deposit and the Cash Consideration) (the "**Proceeds**") shall stand in the place and stead of the Debtor's Property, and that from and after the delivery of the Monitor's Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded Assets with the same priority as they had with respect to the Debtor's Property immediately prior to the sale.
10. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Debtor or the Monitor, as the case may be, is authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Debtor's records pertaining to past and current employees of the Debtor. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Debtor.
11. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 6 hereof, the Purchaser and the Debtor shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent), or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, the Debtor (provided, as it relates to the Debtor, such release shall not apply to Taxes in respect of the business and operations conducted by the Debtor after the Effective Time), including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or the Debtor (including its affiliates and any predecessor corporations)

pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial equivalent, in connection with the Debtor. For greater certainty, nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.

12. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all Contracts to which the Debtor is a party at the time of delivery of the Monitor's Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Monitor's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Debtor);
- (b) the insolvency of the Debtor or the fact that the Debtor sought or obtained relief under the BIA and the CCAA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of the Debtor arising from the implementation of the SPA, the Transaction or the provisions of this Order.

13. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 12 hereof shall waive, compromise or discharge any obligations of the Debtor in respect of any Assumed Liabilities, and (b) the designation of any Claim as an Assumed Liability is without prejudice to the Debtor's right to dispute the existence, validity or quantum of any such Assumed Liability, and (c) nothing in this Order or the SPA shall affect or waive the Debtor's rights and defences.

both legal and equitable, with respect to any Assumed Liability, including, but not limited to, all rights with respect to entitlements to set offs or recoupments against such Assumed Liability.

14. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor, or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any Contract existing between such Person and the Debtor (including for certainty, those Contracts constituting Retained Assets) arising directly or indirectly from the commencement of the NOI Proceeding or the conversion to the CCAA Proceedings and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 12 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Debtor from performing its obligations under the SPA or be a waiver of defaults by the Debtor under the SPA and the related documents.

15. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Debtor relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

16. **THIS COURT ORDERS** that from and after the Effective Time:

- (a) the nature of the Assumed Liabilities retained by the Debtor, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;

- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against the Debtor under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against the Debtor but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Debtor prior to the Effective Time.

17. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time:

- (a) ResidualCo shall be a company to which the CCAA applies; and
- (b) ResidualCo shall be added as an Applicant in this CCAA Proceeding and all references in any Order of this Court in respect of this CCAA Proceeding to (i) an “Applicant” shall refer to and include ResidualCo, and (ii) “Property” shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (the “**ResidualCo Property**”), and, for greater certainty, each of the Charges (as defined in the Initial Order dated December 1, 2022), shall constitute a charge on the ResidualCo Property.

18. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA, in respect of ResidualCo and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of ResidualCo;

the SPA, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the New Common Shares in and to the Purchaser) and any payments by or to the Purchaser, ResidualCo or the Monitor authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of ResidualCo and shall not be void or voidable by creditors of ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR'S ENHANCED POWERS

19. THIS COURT ORDERS that in addition to the powers and duties of the Monitor set out in the Initial Order or any other Order of this Court in this CCAA Proceeding, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required, to:

- (a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability Claim, and to carry out the Monitor's duties under this Order or any other Order of this Court in this CCAA Proceeding;
- (b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;

- (c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;
- (d) open one or more new accounts (the “**ResidualCo Accounts**”) into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited from and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor’s powers and duties;
- (e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing this CCAA Proceeding to an end;
- (f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo in the name of or on behalf of ResidualCo;
- (g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;
- (h) have access to all books and records that are the property of ResidualCo in ResidualCo’s possession or control in addition to the Debtor’s books and records in accordance with the terms of the SPA;
- (i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof;
- (j) consult with Canada Revenue Agency with respect to any issues arising in respect of this CCAA Proceeding; and

(k) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

20. THIS COURT ORDERS that notwithstanding anything contained in this Order, the Monitor is not and shall not be or be deemed to be, a director, officer, or employee of ResidualCo or the Debtor.

21. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, ResidualCo shall remain in possession and control of its Property and Business (each as defined in the Initial Order) and the Monitor shall not take, or be deemed to have taken, possession or control of the Property or the Business of ResidualCo, or any part thereof.

22. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor and its legal counsel shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the Initial Order and any other Order of this Court and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor and the fulfillment of its duties and the carrying out of the provisions of this Order.

23. THIS COURT ORDERS that nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of the Debtor or ResidualCo within the meaning of any relevant legislation and that any distributions to creditors of ResidualCo or the Debtor by the Monitor will be deemed to have been made by ResidualCo.

24. THIS COURT ORDERS that the power and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of ResidualCo with respect to such matters and, in the event of a conflict between the terms of this Order and those of the Initial Order or any other Order of this Court, the provisions of this Order shall govern.

RELEASES

25. **THIS COURT ORDERS AND DECLARES** that Clive Dias' resignation as director of ResidualCo on November 21, 2022 be and is hereby authorized and ratified.

26. **THIS COURT ORDERS** that effective upon filing of the Monitor's Certificate, (i) the current directors, officers, employees, independent contractors that have provided legal or financial services to the Debtor or ResidualCo, as applicable, (ii) legal counsel and advisors of the Debtor or ResidualCo, (iii) Clive Dias, in his capacity as former director of ResidualCo, and (iv) the Proposal Trustee, the Monitor and their legal counsel (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part of any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor's Certificate and that relate in any manner whatsoever to the Debtor or any of its assets (current or historical), obligations, business or affairs or this CCAA Proceeding, including any actions undertaken or completed pursuant to the terms of this Order, or arising in connection with or relating to the SPA or the completion of the Transaction, or the administration and/or management of the Debtor or these proceedings (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, *provided that* nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

GENERAL

27. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the New Common Shares.

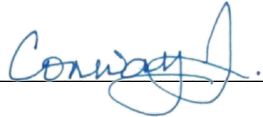
28. **THIS COURT ORDERS** that, following the Effective Time, the title of these proceedings is hereby changed to

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF 14544072 CANADA INC.

29. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

30. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist ResidualCo, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to ResidualCo and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist ResidualCo and the Monitor and their respective agents in carrying out the terms of this Order.

31. **THIS COURT ORDERS** that each of ResidualCo and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



Schedule A – Form of Monitor’s Certificate

Court File No. 32-2853708

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF iS5 COMMUNICATIONS INC.

RECITALS

A. Pursuant to the Initial Order of the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List), dated December 1, 2022, as amended, iS5 Communications Inc. (the “**Debtor**”) was granted protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Grant Thornton Limited was appointed as the monitor (in such capacity, the “**Monitor**”) of the Debtor.

B. Pursuant to the Approval and Vesting Order of the Court dated December 1, 2022 (the “**Order**”), the Court approved the transaction (the “**Transaction**”) contemplated by the Share Purchase Agreement dated October 17, 2022 (the “**SPA**”), between the Debtor and Elektrophoenix GmbH (the “**Purchaser**”), and ordered, *inter alia*, that: (i) all of the Debtor’s right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo; (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo; and (iii) all of the right, title and interest in and to the New Common Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Purchaser and the Debtor that all conditions to closing have been satisfied or waived by the parties to the SPA.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and from the Debtor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.
2. This Monitor's certificate was delivered by the Monitor at _____ on _____, 2022.

**Grant Thornton Limited, in its capacity as
Monitor of the Debtor, and not in its
personal capacity.**

Per: _____

Name:

Title:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF iS5 COMMUNICATIONS INC.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**Proceeding commenced at
Toronto**

APPROVAL AND VESTING ORDER

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Lawyers for the Applicant, iS5 Communications Inc.

APPENDIX 2

District of Ontario
Division No. 9 - Toronto
Court File No. 32-2853708
Estate File No. 32-2853708

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
iS5 COMMUNICATIONS INC.
OF THE CITY OF MISSISSAUGA, PROVINCE OF ONTARIO**

**FOURTH REPORT OF PROPOSAL TRUSTEE
Pursuant to Section 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act* (Canada)**

**AND FIRST REPORT OF THE PROPOSED MONITOR
Pursuant to the *Companies' Creditors Arrangement Act* (Canada)**

November 23, 2022



**Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
M5H 3T4**

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District of Ontario
Division No. 9 - Toronto
Court File No. 32-2853708
Estate File No. 32-2853708

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)
[COMMERCIAL LIST]**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
iS5 COMMUNICATIONS INC.
OF THE CITY OF MISSISSAUGA, PROVINCE OF ONTARIO**

**FOURTH REPORT OF PROPOSAL TRUSTEE
Pursuant to Section 50.4(7)(b)(ii) of the *Bankruptcy and Insolvency Act* (Canada)**

**AND FIRST REPORT OF THE PROPOSED MONITOR
Pursuant to the *Companies' Creditors Arrangement Act* (Canada)**

November 23, 2022

INTRODUCTION

1. This report (“**Fourth Report**”) is filed by Grant Thornton Limited in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with a Notice of Intention to Make a Proposal (“**NOI**”) filed on August 5, 2022 (the “**Filing Date**”) by iS5 Communications Inc. (“**iS5**” or the “**Company**”) pursuant to section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
2. iS5 is a company that provides customers with information technology services and proprietary hardware products. Specifically, the Company services critical infrastructure, including the energy, transportation, heavy industrial, and defense industries. The Company’s products are used in digital transformation and cybersecurity applications. The Company operates from a third-party leased premise located at 5895 Ambler Drive, Mississauga, Ontario.
3. On August 8, 2022, pursuant to a motion by the Company, the Court granted an Order (the “**August 8 Order**”) approving, amongst other things, a DIP Facility, wherein a total of \$600,000 (USD) has been advanced to date, and three charges as follows:
 - a. First – Administration Charge (to the maximum amount of CDN \$150,000);
 - b. Second – Directors’ Charge (to the maximum amount of CDN \$200,000);and,

- c. Third – DIP Lender’s Charge (to the maximum amount of USD \$622,000 plus interest and reasonable costs and expenses payable pursuant to the DIP Term Sheet).
- 4. The First Report of the Proposal Trustee dated August 5, 2022 (without appendices) (the “**First Report**”), together with a copy of the August 8 Order and corresponding Endorsement is attached hereto as **Appendix “1”**.
- 5. On September 2, 2022, pursuant to a motion by the Company, the Court granted an Order (the “**September 2 Order**”) approving, amongst other things:
 - a. the Company’s request for an extension of the stay of proceedings to October 17, 2022, representing a 44-day extension from the expiry of the initial 30-day stay of proceedings pursuant to the filing of the Company’s NOI on August 5, 2022;
 - b. an interim distribution by the Company to the Company’s primary secured creditor, Silicon Valley Bank (“**SVB**”);
 - c. the Company’s appointment of Mr. John Gillberry as an independent director of the Company to assist management during a future anticipated sale process and sale transaction.
- 6. The Second Report of the Proposal Trustee dated August 26, 2022 (without appendices) (the “**Second Report**”), together with a copy of the September 8 Order and corresponding Endorsement is attached hereto as **Appendix “2”**.

7. On October 17, 2022, pursuant to a motion by the Company, the Court granted an Order (the “**October 17 Order**”) approving, amongst other things:
 - a. the Stalking Horse Agreement between the Company and Elektrophoenix GmbH (the “**Stalking Horse Bidder**”), an affiliate of Phoenix Contact Venture Funds (“**Phoenix Venture**”);
 - b. the sale and investment solicitation process (the “**SISP**”); and
 - c. the Company’s request for an extension of the stay of proceedings to December 1, 2022, representing a 45-day extension from the expiry of the first extension being a 44-day stay of proceedings pursuant to the September 2 Order.
8. The Third Report of the Proposal Trustee dated October 6, 2022 (without appendices) (the “**Third Report**”), together with a copy of the September 8 Order and corresponding Endorsement is attached hereto as **Appendix “3”**.
9. This Fourth Report has been prepared in conjunction with the Company’s motion requesting an Initial Order, an Approval and Vesting Order (in the form of a reverse vesting order), and an Ancillary Order (as described herein), and which are intended to support the Company’s plan to complete a sale transaction of its business and approve of certain fees and activities (collectively, the “**December 1 Relief**”). The Proposal Trustee supports the December 1 Relief as it remains consistent with the Company’s overall objectives and as previously reported to this Court.

PURPOSE OF THIS FOURTH REPORT

10. The purpose of this Fourth Report is to provide the Court with an update since its Third Report, a cash flow update, a summary of the SISP results, and the Proposal Trustee's views in respect of the following December 1 Relief items:
 - a. the Company's request to transition these NOI proceedings into proceedings pursuant to the Companies' Creditors and Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), including the appointment of Grant Thornton Limited as monitor of the Company in such CCAA proceedings (the "**Monitor**"), and the continuation of the Director's Charge, Administration Charge, and DIP Lender's Charge which were previously granted in the NOI proceedings;
 - b. an increase to the Administration Charge from CDN \$150,000 to CDN \$350,000, and extending the benefit of such charge to the Monitor, and the Monitor's legal counsel;
 - c. the Company's request for a stay of proceedings under the CCAA to December 23, 2022;
 - d. approval of a sale transaction to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement (the "**Proposed Transaction**") which, for greater clarity, involves the issuance of an approval and reverse vesting order, the vesting out of excluded assets, excluded liabilities, and excluded contracts from the Company to 14544072 Canada Inc. ("**ResidualCo**"), the authority

for the Monitor to assign ResidualCo into bankruptcy, as well as releases in favour of the Company's management, the Proposal Trustee, and respective legal counsel; and

- e. approving the Proposal Trustee's Fourth Report, the activities contained herein, and approval of the fees and disbursements of the Proposal Trustee up to and including October 31, 2022, and its legal counsel, Cozen O'Connor LLP ("**Cozen**"), up to and including November 15, 2022.

- 11. Background information concerning the Company and its stakeholders is provided in the three Dias Affidavits which have been filed with the Court, and which are also available on the Proposal Trustee's webpage, www.grantthornton.ca/iS5.

RESTRICTIONS

- 12. In preparing this Fourth Report, the Proposal Trustee has relied upon unaudited financial information, the Company's records, financial information, projections and discussions with the Company's management and employees. While the Proposal Trustee reviewed various documents provided by the Company and believes that the information therein provides a fair summary of the transactions and material as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**"). Accordingly, the Proposal Trustee expresses no opinion or other form of assurance pursuant to GAAP or IFRS with respect to such information.

13. Some of the information used in preparing this Fourth Report consists of financial projections, including the Fourth Cash Flow Statement (as defined herein). The Proposal Trustee cautions that such projections are based upon assumptions about future events and conditions that are not ascertainable. The Company's actual results may vary from the Fourth Cash Flow Statement, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Proposal Trustee's review of the future-oriented information used to prepare this Fourth Report did not constitute an audit of such information under GAAP or IFRS.
14. This Fourth Report has been prepared for the use of this Court and the Company's stakeholders as general information relating to the Company. Accordingly, the reader is cautioned that this Fourth Report may not be appropriate for any other purpose.
15. All references to dollars are denoted in its currency.
16. Capitalized terms not defined in this Fourth Report have the meanings ascribed to them in the Dias Affidavits and the First Report, Second Report, Third Report, and the Stalking Horse Agreement.

UPDATE SINCE THE THIRD REPORT

17. Since the Proposal Trustee's Third Report, dated October 6, 2022, the Company has continued to trade and carry-on business in the normal course. The Proposal Trustee has maintained, at a minimum, weekly calls with the Company to discuss

cash flow, operations, enquiries related to the SISP, and communications to stakeholders. The Company and the Proposal Trustee have also addressed enquiries from creditors and other stakeholders as they arise, and which generally relate to NOI related timelines, pre-filing arrears subject to the NOI and related stay of proceedings, and the SISP.

18. Since the Third Report, the Proposal Trustee has focused on monitoring the Company's cash flow, administering the SISP, and participating in the review and discussions related to the December 1 Relief.

Cash Flow Update

19. The Company has updated its cash flow projections (the “**Fourth Cash Flow Statement**”) to December 23, 2022 in order to determine its working capital requirements through to the completion of the SISP and the closing of the Proposed Transaction. The Proposal Trustee has reviewed the Fourth Cash Flow Statement and discussed such with the Company. The Company has responded to all of the Proposal Trustee's questions, including providing supporting documentation to assist the Proposal Trustee in monitoring the Company's cash flow performance on a weekly basis. The Proposal Trustee has confirmed that the Company has been able to maintain its operations pursuant its prior cash flow statements and remain current with its post-filing creditors.
20. Based on the Proposal Trustee's review of the Fourth Cash Flow Statement, and in discussions with management, the Proposal Trustee is of the view that the Company will have sufficient liquidity to December 23, 2022.

21. The Proposal Trustee/Monitor, if so appointed, will continue to monitor the Company's cash flow up to the closing of the Proposed Transaction, and thereafter as may be required.
22. Attached hereto as **Appendix "4"** is a copy of the Company's Fourth Cash Flow Statement, with actual results to the week ending November 11, 2022, and projections to December 23, 2022.
23. The Fourth Cash Flow Statement has been prepared by management using probable and hypothetical assumptions set out therein. In accordance with the BIA, and based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - a. the Probable and Hypothetical Assumptions are not consistent with the purpose of the Fourth Cash Flow Statement;
 - b. as at the date of this Fourth Report, the probable and hypothetical assumptions developed by management are not suitably supported and consistent with the Company's plans or do not provide a reasonable basis for the Fourth Cash Flow Statement, given the probable and hypothetical assumptions; or
 - c. the Fourth Cash Flow Statement does not reflect the probable and hypothetical assumptions.
24. The Proposal Trustee notes that a target closing date for the Proposed Transaction has not yet been finalized, and that the Proposal Trustee/Monitor

intends on bringing a future motion to the Court to report on the Proposed Transaction, interim activities, and, if the Proposed Transaction closes, to seek approval of a distribution and discharge order. The Proposal Trustee/Monitor intends to seek such relief on or before December 23, 2022.

25. In the event that the Proposed Transaction does not close or does not close in time for the Proposal Trustee/Monitor to seek a distribution and discharge order by December 23, 2022, then the Company may seek access to the DIP Facility and an extension to the requested stay of proceedings.
26. The Proposal Trustee is aware that the previously approved DIP Facility provides for an additional \$500,000 (USD) of funding, if required, and if approved by the Court. In the event there is a material delay in closing the Proposed Transaction, the Company may seek approval from the Court to utilize some or all of the remaining availability under the DIP Facility. The Proposal Trustee takes comfort with the knowledge that such additional proceeds may be made available to the Company to avoid a material liquidity event and to preserve the Company's assets and operations in those circumstances.

SISP UPDATE

27. On October 17, 2022, the Court granted the SISP Order, which approved the SISP pursuant to which the Proposal Trustee, working in conjunction with the Company, would solicit interest in, and opportunities for: one or more sales or partial sales of all, substantially all, or certain portions of the Company; and/or for an investment in, restructuring, recapitalization, refinancing, or other form of reorganization of the

business and affairs of the Company as a going concern or a sale (or partial sale) of all, substantially all, or certain aspects of the Company's business, or combination therefore (the "**Opportunity**"). A copy of this SISP Order is attached hereto as **Appendix "3"**.

28. The SISP was conducted with a Stalking Horse Bidder and pursuant to a Stalking Horse Agreement, which was approved by the Court. The Stalking Horse Bid functioned as a bid floor, against which other competing offers would be compared. A copy of the Stalking Horse Agreement is attached hereto as **Appendix "5"**.
29. In accordance with the milestones set out in the SISP Order, on October 20, 2022, the Proposal Trustee began circulating a solicitation letter (the "**Teaser Letter**"), a confidentiality agreement ("**CA**"), the SISP, and the Acknowledgement of the SISP (the "**Acknowledgement**") to 284 interested parties (including parties who previously participated in the Company's sale process and related efforts). The interested party list was developed using information provided by the Company and their legal counsel, the Proposal Trustee's research and database of contacts, and parties that reached out to the Proposal Trustee expressing an interest to participate in the process. A copy of the Teaser Letter is attached as **Appendix "6"**.
30. The Proposal Trustee notes that during the SISP, and from the 284 parties contacted by the Proposal Trustee, several emails containing details of the Opportunity, the CA, and the Teaser Letter, bounced back. The Proposal Trustee

worked to identify alternate contacts with such interested parties and re-sent same. Overall, 191 parties received the initial SISP package based on information obtained by the Proposal Trustee.

31. Pursuant to paragraph 5 of the SISP, the Proposal Trustee also posted advertisements of the Opportunity in the Globe and Mail (National Edition) on October 21, 2022, and in Insolvency Insider on October 24, 2022. A copy of each is attached hereto as **Appendix “7”**.
32. The Proposal Trustee posted the Teaser Letter, CA, Acknowledgement and the SISP on the Proposal Trustee’s case website, by October 24, 2022.
33. The Proposal Trustee, in conjunction with the Company, worked towards creating a virtual data room (the “**VDR**”). The Proposal Trustee hosted the VDR on Firmex which, among other things, provided the Proposal Trustee with standard tracking data and notified all registered users on a daily basis when new information was posted to the VDR.
34. The Proposal Trustee, in conjunction with the Company, established a process to track and respond to questions received by interested parties and update the VDR where appropriate.
35. The VDR was opened by the Proposal Trustee on October 27, 2022 and for those interested parties who returned to the Proposal Trustee a properly executed CA and Acknowledgement. Throughout the SISP, a total of seven (7) parties signed the requisite documents and were provided access to the VDR.

36. To assist interested parties in understanding the Opportunity, the Proposal Trustee, in conjunction with the Company, developed a Confidential Information Memorandum (the “**CIM**”) and uploaded it to the VDR on October 25, 2022. The CIM provided summary information on the Company, including its assets and operations.
37. Throughout the SISP process, the Proposal Trustee contacted parties including venture capital firms, private equity, information technology firms, and multiple critical infrastructure Industries that might be interested in purchasing the Company’s assets. These entities were located globally, covering parties in Canada, the United States, Europe, and Japan.
38. The Proposal Trustee is confident that it has successfully canvassed the Opportunity to potential interested parties.
39. On November 16, 2022, at 5:00 pm Eastern Time, the Phase I Bid Deadline passed, with the Proposal Trustee receiving no bids.
40. As no Qualified Phase I Bids were submitted, the Proposal Trustee, in consultation with the Company, selected the Stalking Horse Bidder (now referred to as the “**Successful Bidder**”) as the Successful Bidder under the SISP.

PROPOSED TRANSACTION

41. The sale price will be \$5,000,000 USD, less the amount due to the DIP Lender (\$600,000 plus interest and fees). Subject to this court granting the Approval and Vesting Order requested by the Company, and the closing of the Proposed

Transaction, the Successful Bidder would then acquire all of the assets (including tax losses), operations, and shares of iS5, less certain excluded assets, excluded contracts, and excluded liabilities.

42. In order to complete the Proposed Transaction, the Stalking Horse Agreement contemplates the granting of a reverse vesting order (an “**RVO**”), and the conversion of the current NOI proceedings to a CCAA proceeding.

43. The Proposal Trustee notes that the Successful Bidder has until 14 days prior to closing before confirming with the Company which assets, contracts and liabilities will be excluded from the transaction (no such details have been provided to date). All excluded items from the transaction would vest with a ResidualCo which would be subject to the control of the Monitor pursuant to the terms of the applicable requested order, and which would also provide that the Monitor would have the authority to assign ResidualCo into bankruptcy.

44. The Proposed Transaction includes certain releases in favour of the employees, legal counsel, and advisors of iS5 and ResidualCo, the Proposal Trustee and its legal counsel, the Successful Bidder and its legal counsel, and the DIP Lenders and their legal counsel and advisors, in each case in respect of claims relating to the Proposed Transaction or matters contemplated pursuant to the terms of the RVO.

45. The Proposal Trustee understands that the RVO structure was required by the Successful Bidder to support its offer price and which provides the following

benefits and value in the views of the Successful Bidder(which would not be available under a traditional approval and vesting order):

- a. over USD \$30 million in operating losses leading to positive tax attributes for the Successful Bidder;
- b. certain existing non-transferrable export permits which would otherwise be cancelled if the name of the corporation changed;
- c. certain existing Canadian bank accounts;
- d. vendor accounts; and
- e. certain existing employee contracts.

46.The RVO structure will enable the Proposed Transaction to be completed efficiently and expeditiously, with limited exposure to risks, costs, and delay.

47.Accordingly, the Proposal Trustee is of the view that, with respect to the Proposed Transaction, there are significant benefits that are reasonable, justified, and appropriate in the circumstances, and which are contemplated within the overall purchase price.

Proposal Trustee's Views on the Proposed Transaction

48.The Proposed Transaction provides for a full recovery to the Company's primary secured creditor, SVB, as well as recoveries for certain subordinate creditors, that would not otherwise be available.

49. The Proposal Trustee has been advised by SVB that it supports the approval by this Court of the Proposed Transaction and the contemplated RVO structure.
50. The SISP did not result in a superior offer, or any offer, for the Company's assets or operations other than the offer of the Successful Bidder. The Proposal Trustee notes that the Company's prior efforts to obtain an offer for its assets and operations were not successful.
51. The Proposed Transaction contemplates that the Company's operations will continue as a going concern, thereby providing value to employees, customers and suppliers.
52. For the reasons outlined above and as set out in the materials filed by the Company in support of this motion, the Proposal Trustee is supportive of the Proposed Transaction, including the RVO structure and applicable relief.

CCAA PROCEEDINGS

53. The Company seeks to continue the NOI proceedings under the CCAA, pursuant to section 11.6 of the CCAA, as a term in the Stalking Horse Agreement, and to allow for the Proposed Transaction to close.
54. The Company would also benefit from the flexibility afforded under the CCAA, including the option to implement reverse vesting structures to preserve the value of the existing licenses, permits, tax losses, and intellectual property attributable to the Company.

55. The Proposal Trustee believes that the continuation of these proceedings under the CCAA and the relief sought in the Initial Order to be reasonable in the circumstances for the following reasons:

- a. iS5 is acting in good faith and with due diligence;
- b. the continuation of a stay of proceedings under the CCAA will provide the Company with the time and protection it requires to close the Proposed Transaction;
- c. the conversion to CCAA and the stay of proceedings does not adversely affect or materially prejudice creditors;
- d. the Company is projected to have sufficient funds to pay for services and supplies during the requested stay period.

56. Grant Thornton Limited has consented to transition from its role as the Proposal Trustee to the Monitor in the CCAA proceedings. Grant Thornton Limited has been acting as the Proposal Trustee since the commencement of these proceedings. As described in the three reports filed by the Proposal Trustee to date, Grant Thornton Limited has become familiar with the Company's operations and has worked closely with management. As the role of the Monitor is similar to that of Proposal Trustee, the Proposal Trustee believes that it is the most efficient use of resources for Grant Thornton Limited to be appointed as Monitor to continue to assist the Company in its restructuring efforts. Grant Thornton Limited has experience in acting as a Monitor under the CCAA and has consented to its appointment as Monitor of

the Company. A copy of Grant Thornton Limited's consent to act as Monitor is attached here to as **Appendix "8"**.

Notices

57. The terms of the proposed Initial Order request that the Proposed Monitor be exempt from complying with the notice and publication requirements under section 23(1)(a) of the CCAA. All known creditors (based on the books and records of the Company) have been notified of the Company's proceedings under the BIA, and advertisements have been posted in the Globe and Mail (National Edition) and Insolvency Insider in connection with the SISP. The Proposal Trustee has also maintained a case website that provides pertinent documents filed in connection with these proceedings.

58. It is the Proposal Trustee's view that notifying creditors under section 23(1)(a) of the CCAA would be an inefficient allocation of resources, with duplicative notices serving little benefit to creditors, and therefore, an exemption to the notice and publication requirements is reasonable in the circumstances.

STAY OF PROCEEDINGS

59. The current stay of proceedings under the NOI expires after December 1, 2022. The Company is seeking a stay of proceedings to December 23, 2022 under the CCAA which, if approved, will allow for the Proposed Transaction to be completed as contemplated. The Proposal Trustee supports the Company's initiative to complete the Proposed Transaction as efficiently as possible, and to provide further stability to the Company's operations.

60. The Company, in consultation with its legal counsel, and counsel to the Successful Bidder, have agreed to close the Proposed Transaction as soon as possible and by December 23, 2022 (which is the outside date under the Share Purchase Agreement). Upon the completion of the Proposed Transaction, the Proposal Trustee/Monitor would report to Court and seek a distribution and discharge order, by December 23, 2022. Where there is insufficient time for the Proposal Trustee/Monitor to seek a distribution and discharge order by December 23, 2022, and depending on the status of the Proposed Transaction, the Company may seek access to the DIP Facility, and/or a further extension to the stay of proceedings may be requested.

61. The Proposal Trustee/Monitor will work closely with such parties to monitor the closing progress, the Company's cash flow, and the imposed December 23, 2022 deadline.

62. Overall, the Proposal Trustee supports the Company's request for a stay of proceedings under the CCAA to December 23, 2022 for the following reasons:

- a. the Company has continued operations in the normal course and, in the view of the Proposal Trustee, has complied with the requirements of the BIA;
- b. the Company has been acting in good faith and with due diligence;
- c. the stay of proceedings will allow and assist the Company to close the Proposed Transaction,

- d. the Company has sufficient liquidity to December 23, 2022; and,
- e. no creditor would be materially prejudiced if the stay of proceedings being applied for is granted.

ADMINISTRATION CHARGE

63. Pursuant to the August 8 Order, this court granted a charge on the assets of the Company as security for the professional fees and disbursements relating to the services rendered in respect of the Company, at the standard rates and charges in an amount not to exceed CDN \$150,000 (the “**Administration Charge**”).

64. In light of the relief requested herein, and the Company’s request to postpone the payment of certain professional fees until the closing of the Proposed Transaction, the Proposal Trustee, its legal counsel and the counsel to the Company, are of the view that an increase of the Administration Charge to CDN \$350,000 is reasonable and provides the aforementioned professionals with a necessary degree of security and assurance for the recovery of their fees and other costs as they continue to support and assist the Company to complete the Proposed Transaction and the ancillary procedures required to complete these proceedings.

65. The Proposal Trustee supports the requested increase in the Administration Charge and understands that the primary secured creditor, SVB, also supports such relief.

PROFESSIONAL FEES AND ACTIVITIES

66. Since the Third Report, the Proposal Trustee has performed the following activities:

- a. corresponded and held numerous discussions with the Company and legal counsel with respect to the SISP, the Proposed Transaction, and related December 1 Relief requested by the Company, including timelines, proposed relief and communications;
- b. corresponded with SVB's counsel, and counsel to the DIP Lender on matters related to these NOI proceedings and the relief being sought by the Company;
- c. monitored the Company's financial operations and compared such to the Company's projections on a weekly basis, and in accordance with the BIA;
- d. administered the SISP, corresponded with prospective bidders, maintained the VDR, tracked SISP data, provided updates to the Company, and followed up with prospective bidders where appropriate;
- e. responded to general creditor enquiries; and,
- f. maintained a public website for the NOI proceedings in accordance with the Commercial List E-Service Protocol.

67. Pursuant to the terms of the August 8 Order, the Proposal Trustee and its counsel shall be paid their reasonable fees and disbursements at their standard rates and shall pass their accounts before the Court.
68. The total fees of the Proposal Trustee up to and including October 31, 2022, amount to \$104,787.85 and HST in the amount of \$13,622.43, totaling \$118,410.28. The details of the time spent, and services provided by the Proposal Trustee are more particularly described in the Affidavit of Daniel Wootton, sworn November 21, 2022 in support hereof, a copy of which is attached hereto as **Appendix “9”**.
69. The total legal fees incurred by the Proposal Trustee for services provided to it by its legal counsel, Cozen, up to and including November 15, 2022 amount to \$56,535.00, plus expenses and disbursements in the amount \$123.90 and HST in the amount of \$7,364.62, totalling \$64,023.52. The details of the time spent and services provided by Cozen are described in the affidavit of Shahrouz Hafez Ghoran, sworn November 23, 2022, in support hereof, a copy of which is attached hereto as **Appendix “10”**.
70. The Proposal Trustee is of the view that these accounts are reasonable in the circumstances of these proceedings. The Proposal Trustee respectfully requests that the Court approve its fees and disbursements and those of its legal counsel.

CONCLUSION AND RECOMMENDATION

71. Based on the above, the Proposal Trustee supports the December 1 Relief sought by the Company and respectfully recommends that the Court grant such relief.

All of which is respectfully submitted,

GRANT THORNTON LIMITED

*As Trustee under a Notice of Intention to
Make a Proposal filed by iS5 Communications Inc.
and not in its personal capacity.*

Daniel Wootton

D. Wootton, CIRP, LIT
Senior Vice President

APPENDIX 3

**AGREEMENT FOR THE PURCHASE OF ALL THE SHARES
OF
iS5 COMMUNICATIONS INC.
BY
ELEKTROPHOENIX GMBH**

DATED OCTOBER 14, 2022

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SHARE PURCHASE AGREEMENT

This Agreement dated October 14, 2022 is made

B E T W E E N

iS5 Communcations Inc.

(the “**Corporation**”)

- and -

Elektrophoenix GmbH

(the “**Purchaser**”)

RECITALS

A. On August 3, 2022, PHOENIX CONTACT GmbH & Co. KG (“**Phoenix**”) and the Corporation entered into a non-binding letter of intent (the “**LOI**”) that, among other things, contemplated a stalking horse transaction (the “**Transaction**”) as part of a sales process commenced by the Corporation under the NOI Proceeding (defined below).

B. On August 5, 2022, PHOENIX CONTACT Venture Funds I GmbH (the “**DIP Lender**”) and the Corporation entered into a debtor-in-possession financing term sheet (the “**DIP Term Sheet**”) whereby the DIP Lender agreed to provide a non-revolving credit facility up to the maximum amount of USD \$1,100,000 (the “**DIP Facility**”).

C. On August 5, 2022, the Corporation filed a Notice of Intention to make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**NOI Proceeding**”). On the same date, Grant Thornton Limited was appointed as proposal trustee of the Corporation (in such capacity, the “**Proposal Trustee**”).

D. On August 8, 2022, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (the “**DIP Order**”) that, among other things, approved the DIP Facility and granted a super-priority charge in the amount of USD \$600,000 plus interest, fees, and expenses (the “**DIP Charge**”).

E. Phoenix owns all of the issued and outstanding shares in the capital of each of the Purchaser and PHOENIX CONTACT Innovation Ventures GmbH. PHOENIX CONTACT Innovation Ventures GmbH owns all of the issued and outstanding shares in the capital of the DIP Lender.

F. This Agreement shall serve as a stalking horse bid in a sale and investment solicitation process to be commenced by the Corporation in the NOI Proceeding, subject to approval of the Court. The Transaction will be implemented pursuant to this Agreement, to be approved pursuant to an Approval and Vesting Order (defined below) granted by the Court in the CCAA Proceeding.

G. The Corporation will seek to obtain the Stalking Horse Sale Procedure Order (defined below) authorizing the Corporation to enter into this Agreement and authorizing the Sale Procedure (defined below).

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each Party, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement:

“Affiliate” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to **“control”** another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term **“controlled”** shall have a similar meaning.

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

“Applicable Law” means, with respect to any Person, property, transaction, event or other matter, (i) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law, (ii) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the **“Law”**) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“Approval and Vesting Order” means an order of the Court substantially in the form attached hereto as Schedule 1.1(a) and otherwise acceptable to the Corporation, the Purchaser, and the Proposal Trustee, each acting reasonably: (i) authorizing and approving the transactions contemplated in this Agreement and pursuant to the terms of this Agreement, (ii) vesting out of the Corporation all Excluded Assets, Excluded Contracts and Excluded Liabilities and discharging all Liens against the Corporation, except only the Permitted Liens; (iii) authorizing and directing the Corporation to file the Articles of Reorganization, issue the New Shares, and undertake the Consolidation and Cancellation; (v) authorizing and directing the Corporation to issue the Post-Consolidation Shares, and vesting in the Purchaser all right, title, benefit and interest in and to the Post-Consolidation Shares, free and clear of any and all claims against the Post-Consolidation Shares of every nature and kind howsoever arising, including all Liens, upon the delivery

of the Monitor's Certificate to the Purchaser indicating, among other things, that parties to this Agreement have certified in writing to the Monitor that the conditions precedent to the consummation of the transactions contemplated by this Agreement have been satisfied or waived (where permissible).

"Assumed Liabilities" means only the following Liabilities of the Corporation:

- (a) Liabilities under (i) the Contracts (other than Excluded Contracts); (ii) the Licenses; and (iii) the Intellectual Property, in each case in respect of the period commencing at the Closing Time and not related to any matter, circumstance or default existing at, prior to or as a consequence of Closing;
- (b) Liabilities on account of trade accounts payable incurred in the Ordinary Course of Business after the Filing Date;
- (c) Liabilities respecting Employees, other than liabilities included in Excluded Liabilities; and
- (d) Liabilities to the Vendor's customers under written warranties given by the Vendor to its customers in the Ordinary Course of Business (other than any Liability arising out of or relating to a breach thereof that occurred prior to the Closing Time).

"Bid Deadline" has the meaning set forth in Schedule 1.1(c).

"Books and Records" means the Financial Records and all other books, records, files and papers of the Corporation including drawings, engineering information, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records, and the minute and share certificate books of the Corporation and all records, data and information stored electronically, digitally or on computer-related media.

"Break-Up Fee" has the meaning set forth in Section 5.1.

"Business" means the business carried on by the Corporation which involves operating as a developer, manufacturer and value added reseller of Industrial Ethernet switches, routers, media converters, servers, remote terminal units (RTUs), network management software, and wireless products to be used in demanding environments such as utility sub-stations, roadside transportation, rail, and in industrial applications such as mining, oil and gas and services/products ancillary or complementary thereto.

"Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in either the City of Toronto or Bloomberg, Germany.

"Cash Consideration" has the meaning set out in Section 3.2(c).

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada).

“**CCAA Proceeding**” means a proceeding to be commenced by the Corporation under the CCAA pursuant to an order of the Court, among other things, authorizing the Corporation to continue its NOI Proceeding under the CCAA.

“**Claim**” means any claim, chose in or cause of action, demand, suit, debt, obligation, Legal proceeding, Liability, Damages, losses, costs and expenses (including attorneys’ fees) of every kind or nature whatsoever, known or unknown, actual or potential, suspected or unsuspected, fixed or contingent.

“**Closing**” means the completion of the purchase and sale of the Post-Consolidation Shares in accordance with the provisions of this Agreement.

“**Closing Date**” means the Target Closing Date or such earlier or later date as may be agreed to in writing by the Parties.

“**Closing Sequence**” has the meaning set out in Section 2.1.

“**Closing Time**” means the time of Closing on the Closing Date provided for in Section 7.1.

“**Confidential Information**” means, in relation to the Corporation or a Party (the “**Discloser**”):

- (a) all information, in whatever form communicated or maintained, whether orally, in writing, electronically, in computer readable form or otherwise, that the Discloser discloses to, or that is gathered by inspection by a Party (the “**Recipient**”) or any of the Recipient’s Representatives in the course of the Recipient’s review of the Transaction contemplated by this Agreement, whether provided before or after the date of this Agreement, including information that contains or otherwise reflects information concerning the Discloser or its businesses, affairs, financial condition, assets, liabilities, operations, prospects or activities, and specifically includes financial information, budgets, business plans, ways of doing business, business results, prospects, customer lists, forecasts, engineering reports, environmental reports, evaluations, legal opinions, names of venture partners and contractual parties, and any information provided to the Discloser by third parties under circumstances in which the Discloser has an obligation to protect the confidentiality of such information;
- (b) all plans, proposals, reports, analyses, notes, studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect any Confidential Information regardless of the identity of the Person preparing the same (“**Notes**”);
- (c) the existence and terms of this Agreement;
- (d) the fact that information has been disclosed or made available to the Recipient or the Recipient’s Representatives; and

- (e) the fact that discussions or negotiations are or may be taking place with respect to the Transaction, the proposed terms of the Transaction and the status of any discussions or negotiations under this Agreement;

but does not include any information that:

- (f) is at the time of disclosure to the Recipient or thereafter becomes generally available to the public, other than as a result of a disclosure by the Recipient or any of the Recipient's Representatives in breach of this Agreement;
- (g) is or was received by the Recipient on a non-confidential basis from a source other than the Discloser or its Representatives if such source is not known to the Recipient to be prohibited from disclosing the information to the Recipient by a confidentiality agreement with, or a contractual, fiduciary or other legal confidentiality obligation to, the Discloser; or
- (h) was known by the Recipient prior to disclosure in connection with the Transaction contemplated by this Agreement and was not subject to any contractual, fiduciary or other legal confidentiality obligation on the part of the Recipient.

"Consent" means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than the Corporation) which is provided for or required: (i) in respect of or pursuant to the terms of any Contract; or (ii) under any Applicable Law, in either case in connection with the sale of the Shares to the Purchaser on the terms contemplated in this Agreement, to permit the Corporation to carry on the Business after Closing, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement, but does not include a Regulatory Approval.

"Consolidation and Cancellation" means the conversion of all Existing Shares to common shares in the capital of the Corporation, the consolidation of all New Common Shares and Existing Shares in accordance with the Consolidation Ratio, and the cancellation of all fractional New Common Shares and Existing Shares in accordance with ARTICLE 2.

"Consolidation Ratio" means the ratio by which all New Common Shares and Existing Shares shall be consolidated, as determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, given the intended effect of the Transaction.

"Contracts" means all pending and executory contracts, agreements, leases and arrangements (whether oral or written) to which the Corporation is a party or by which the Corporation or any of its properties or assets or the Business is bound or under which the Corporation has rights, including Premises Leases and Permitted Liens.

"Corporation" has the meaning set out in Recital A.

“Court” has the meaning set out in Recital D.

“Credit Bid Consideration” has the meaning set out in Section 3.2(b).

“Credit Bid Consideration Statement” has the meaning set out in Section 3.2(b).

“Damages” means any loss, cost, Liability, claim, interest, fine, penalty, assessment, damages available at law or in equity (including incidental, consequential, special, aggravated, exemplary or punitive damages), expense (including reasonable costs, fees and expenses of legal counsel on a full indemnity basis, without reduction for tariff rates or similar reductions and reasonable costs, fees and expenses of investigation) or diminution in value.

“Deposit” has the meaning set out in Section 3.2(a).

“DIP Charge” has the meaning set out in Recital D.

“DIP Facility” has the meaning set out in Recital B.

“DIP Lender” has the meaning set out in Recital B.

“DIP Order” has the meaning set out in Recital D.

“DIP Term Sheet” has the meaning set out in Recital B.

“Discloser” has the meaning set out in the definition of Confidential Information.

“Disclosure Letter” means the disclosure letter delivered to the Purchaser and dated as of the date of this Agreement.

“Distribution Order” means an order of the Court to be sought by the Monitor in the CCAA Proceeding that, among other things, authorizes the Monitor to distribute the net proceeds of the Cash Consideration to the creditors of the Corporation in accordance with their relative priorities.

“Equity Interests” has the meaning set out in section 2 of the BIA and includes the Existing Shares, any shareholder agreement in respect of the Existing Shares, and any other interest or entitlement to shares in the capital of the Company, but, for greater certainty, does not include the Post-Consolidation Shares.

“Employee” means an individual who is employed by the Corporation, whether on a full-time or part-time basis.

“Excluded Assets” has the meaning set out in Section 4.1.

“Excluded Contracts” has the meaning set out in Section 4.1.

“Excluded Liabilities” has the meaning set out in Section 2.3(1).

“Existing Shares” means all of the common and preferred shares of all classes of the Corporation that are issued and outstanding immediately prior to the Closing

Time, which, for greater certainty, does not include the New Common Shares or the Post-Consolidation Shares.

“Filing Date” means August 5, 2022.

“Financial Records” means all of the Corporation’s books of account and other financial data and information, and includes all records, data and information stored electronically, digitally or on computer-related media.

“Financial Statements” means the annual audited financial statements of the Corporation for the fiscal year ended March 31, 2021 and the internally prepared unaudited financial statements for the fiscal year ended March 31, 2022, true and complete copies of which are attached as Section 9.9(2)(c) of the Disclosure Letter.

“Governmental Authority” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government;
- (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and
- (d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

“Improvements” means all buildings, fixtures, sidings, parking lots, roadways, structures, erections, fixed machinery, fixed equipment and appurtenances situate on, in, under, over or forming part of, any real property.

“Income Tax Act” means the *Income Tax Act*, R.S.C. 1985, 5th Supplement and the regulations thereunder.

“Intellectual Property” means all rights to and interests in:

- (a) all business names, trade names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses used by the Corporation in the Business;
- (b) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application) used by the Corporation in the Business;

- (c) all industrial designs and applications for and registration of industrial designs, design patents and industrial design registrations used by the Corporation in the Business;
- (d) all trade-marks (whether used with wares or services and including the goodwill attaching to such trade-marks) and registrations and applications for registration of trade-marks and all trade dress, logos, slogans and brand names used by the Corporation in the Business;
- (e) all copyright in all works (including software programs and databases) and database rights and registrations and applications for registrations of copyright used by the Corporation in the Business;
- (f) all rights and interests in and to processes, lab journals, notebooks, data, trade secrets, designs, know-how, product formulae and information, manufacturing, engineering and other drawings and manuals, technology, blue prints, research and development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information used by the Corporation in the Business;
- (g) all other intellectual property rights throughout the world used by the Corporation in carrying on, or arising from the operation of, the Business;
- (h) all licenses granted by the Corporation of the intellectual property listed in items (a) to (g) above;
- (i) all future income and proceeds from any of the intellectual property listed in items (a) to (g) above and the licenses listed in item (h) above; and
- (j) all rights to damages and profits by reason of the infringement of any of the intellectual property listed in items (a) to (g) above and the licenses listed in item (h) above.

“Interim Period” means the period from the date of execution of this Agreement to the Closing Time.

“Law” has the meaning set out in the definition of “Applicable Law”.

“Leased Premises” means all real property that is leased, subleased, licensed or otherwise occupied or used by a Person, including all Improvements thereon, therein or thereunder.

“Legal Proceeding” means any litigation, action, application, suit, investigation, hearing, claim, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court, tribunal or Governmental Authority, and includes any appeal or review thereof and any application for leave for appeal or review.

“Liability” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“License” means any license, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for, the Corporation by any Governmental Authority.

“Lien” means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

“LOI” has the meaning set out in Recital A.

“Material Contract” means a Contract which involves or may reasonably be expected to involve the payment to or by the Corporation of more than \$10,000 over the term of that Contract, a Contract with an unexpired term of more than one year, a Contract containing a non-competition or non-solicitation covenant or other provision that restrict the Corporation’s freedom to carry on the Business in any way or is otherwise material to the operation of the Business.

“Monitor” means Grant Thornton Limited or any other Person appointed by the Court, solely in its capacity as monitor of the Corporation, and shall include, as the context so requires, Grant Thornton Limited, in its capacity as monitor or trustee in bankruptcy of ResidualCo, if appointed by the Court.

“Monitor’s Certificate” means a certificate signed by the Monitor to be filed with the Court following Closing substantially in the form attached as Schedule A to the Approval and Vesting Order confirming that (i) the Purchaser has paid, and the Corporation has received payment of, the Purchase Price in relation to the purchase by the Purchaser of the Post-Consolidation Shares; and (ii) the Proposal Trustee has received written confirmation from the Corporation and the Purchaser that the conditions to be complied with at or prior to the Closing Time as set out in Sections 8.1 and 8.2, respectively, have been satisfied or waived by the Corporation or the Purchaser, as applicable, pursuant to Section 8.3.

“Mutual NDA” has the meaning set out in Section 11.7.

“New Common Shares” means the common shares of the Corporation to be issued to the Purchaser as part of Closing in exchange for the Purchase Price.

“NOI Proceeding” has the meaning set out in Recital C.

“Notes” has the meaning set out in paragraph (b) of the definition of Confidential Information.

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Ordinary Course of Business” when used in relation to the taking of any action by the Corporation means that the action:

- (a) is consistent in nature, scope and magnitude with the past practices of the Corporation and is taken in the ordinary course of normal day-to-day operations of the Corporation;
- (b) is similar in nature, scope and magnitude to actions customarily taken in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as the Corporation; and
- (c) does not require the authorization of the shareholders of the Corporation or any other separate or special authorization of any nature.

“Outside Date” means December 23, 2022 or such later date as the Parties may mutually agree.

“Party” means a party to this Agreement and any reference to a Party includes its successors and permitted assigns and **“Parties”** means every Party.

“Permitted Liens” means:

- (a) Liens for Taxes and utilities that in each case are not yet due or are not in arrears;
- (b) construction, mechanics’, carriers’, workers’, repairers’, storers’ or other similar liens (inchoate or otherwise) if individually or in the aggregate they: (i) are not material; (ii) arose or were incurred in the Ordinary Course of Business; (iii) have not been filed, recorded or registered in accordance with Applicable Law; (iv) notice of them has not been given to the Corporation; and (v) the indebtedness secured by them is not in arrears;
- (c) minor title defects or irregularities, minor unregistered easements or rights of way and other minor unregistered restrictions affecting the use of Leased Premises if such title defects, irregularities or restrictions are complied with and do not, in the aggregate, materially adversely affect the operation of the Business or the continued use of the Leased Premises to which they relate after the Closing on substantially the same basis as the Business is currently being operated and such Leased Premises is currently being used;
- (d) easements, covenants, rights of way and other restrictions if registered provided that they are complied with and do not, in the aggregate, materially adversely affect the operation of the Business or the continued

use of the Leased Premises to which they relate after the Closing on substantially the same basis as the Business is currently being operated and such Leased Premises is currently being used;

- (e) registered agreements with municipalities or public utilities if they: (i) have been complied with or adequate security has been furnished to secure compliance; and (ii) do not, in the aggregate, materially adversely affect the operation of the Business or the continued use of the Leased Premises to which they relate after the Closing on substantially the same basis as the Business is currently being operated and such Leased Premises is currently being used; and
- (f) the Liens listed in Schedule 1.1(b).

“Person” is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

“Personal Information” means information about an identifiable individual as defined in Privacy Law.

“Post-Consolidation Shares” means the 1,000 common shares of the Corporation that will remain after the Consolidation and Cancellation, which shall: (i) represent 100% of the issued and outstanding common shares of the Corporation after the Consolidation and Cancellation; and (ii) be solely owned and controlled by the Purchaser.

“Post-Filing” means the period of time after and including the Filing Date.

“Post-Filing Tax Obligations” has the meaning given to it in Section 9.3.

“Premises Lease” means a lease, an agreement to lease, a sublease, a license agreement and an occupancy or other agreement under which the Corporation has the right, or has granted another Person the right, to use or occupy any Leased Premises.

“Privacy Law” means the *Personal Information Protection and Electronic Documents Act* (Canada), the *Freedom of Information and Protection of Privacy Act* (Ontario) and any comparable Law of any other province or territory of Canada.

“Proposal Trustee” has the meaning set out in Recital C.

“Purchase Price” has the meaning set out in Section 2.2.

“Qualified Bid” has the meaning given in the Sale Procedure.

“Recipient” has the meaning set out in the definition of Confidential Information.

“Regulatory Approval” means any approval, Consent, ruling, authorization, notice, permit or acknowledgement that may be required from any Person pursuant to Applicable Law or under the terms of any License or the conditions of any Order in connection with the sale of the Shares to the Purchaser on the terms contemplated in this Agreement, to permit the Corporation to carry on the Business after Closing or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

“Representative” when used with respect to a Party means each director, officer, employee, agent, consultant, adviser and other representative of that Party who is involved in the Transaction contemplated by this Agreement.

“ResidualCo” means a corporation to be incorporated by the Corporation in advance of Closing, to which the Excluded Assets, Excluded Contracts and Excluded Liabilities will be transferred to as part of the Closing Sequence, which shall have no issued and outstanding shares.

“Retained Assets” has the meaning set out in Section 4.1.

“Sale Procedure” means the stalking horse sale and solicitation process approved by the Stalking Horse Sale Procedure Order and on terms substantially similar to those attached as Schedule 1.1(c) hereto.

“Stalking Horse Sale Procedure Order” means an order of the Court issued in the NOI Proceeding approving the execution of this Agreement as a “stalking horse” share purchase agreement, the Transaction contemplated herein, and the Sale Procedure, in form and content acceptable to the Parties and the Proposal Trustee, each acting reasonably.

“Successful Bid” has the meaning given in the Sale Procedure.

“Target Closing Date” means the third Business Day following the issuance of the Approval and Vesting Order.

“Taxes” means all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Authority in respect thereof and whether disputed or not.

“Tax Returns” means all returns, information returns, reports, elections, agreements, declarations or other documents of any nature or kind required to be filed with any applicable Governmental Authority in respect of Taxes.

“Terminated Employees” means no more than five (5) individuals currently employed by the Corporation as identified by the Purchaser as soon as possible, but in any event by no later than fifteen (15) days before Closing, whose employment will be terminated prior to Closing pursuant to Section 8.1(5).

“Threatened”, when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that a Legal Proceeding or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future.

“Transaction” has the meaning set out in Recital A.

“Transaction Personal Information” means any Personal Information in the possession, custody or control of the Corporation or the Corporation at the Closing Time, including Personal Information about Employees, suppliers, customers, directors, officers or shareholders of the Corporation that is:

- (a) disclosed to the Purchaser or any Representative of the Purchaser prior to the Closing Time by the Corporation or its Representatives or otherwise; or
- (b) collected by the Purchaser or any Representative of the Purchaser prior to the Closing Time from the Corporation, any of its Representatives or otherwise,

in either case in connection with the Transaction contemplated by the Agreement.

“US Dollars” means the lawful currency of the United States of America.

1.2 Accounting Principles.

Whenever in this Agreement reference is made to generally accepted accounting principles, or to GAAP, such reference shall be deemed to be to generally accepted accounting principles in effect from time to time in the United States of America.

1.3 Actions on Non-Business Days.

If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

1.4 Currency and Payment Obligations.

Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in US Dollars;

- (b) any payment contemplated by this Agreement shall be made by wire transfer of immediately available funds to an account specified by the payee, by cash, by certified cheque or by any other method that provides immediately available funds; and
- (c) except in the case of any payment due on the Closing Date, any payment due on a particular day must be received by and be available to the payee not later than 2:00 p.m. on the due date at the payee's address for notice under Section 11.4 or such other place as the payee may have specified in writing to the payor in respect of a particular payment and any payment made after that time shall be deemed to have been made and received on the next Business Day.

1.5 Calculation of Interest.

In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

1.6 Calculation of Time.

In this Agreement, a period of days shall be deemed to begin on the first day after the event which began the period and to end at 5:00 p.m. Toronto time on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. Toronto time on the next succeeding Business Day.

1.7 Knowledge.

Where any representation, warranty or other statement in this Agreement is expressed to be made by the Corporation to its knowledge or is otherwise expressed to be limited in scope to facts or matters known to the Corporation or of which the Corporation is aware, it shall mean such knowledge as is actually known to Clive Dias, CEO or Maurizio Milani, CFO who have overall responsibility for or knowledge of the matters relevant to such statement.

1.8 Tender.

Except as otherwise provided in Section 3.2(a), any tender of documents or money hereunder may be made upon the Parties or their respective counsel and money shall be tendered by wire transfer.

1.9 Additional Rules of Interpretation.

- (1) *Gender and Number.* In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (2) *Headings and Table of Contents.* The inclusion in this Agreement of headings of Articles and Sections and the provision of a table of contents are for convenience

of reference only and are not intended to be full or precise descriptions of the text to which they refer.

- (3) *Section References.* Unless the context requires otherwise, references in this Agreement to Sections, Schedules or Exhibits are to Sections, Schedules or Exhibits of this Agreement.
- (4) *Words of Inclusion.* Wherever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list.
- (5) *References to this Agreement.* The words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Section or portion of it.
- (6) *Statute References.* Unless otherwise indicated, all references in this Agreement to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith.
- (7) *Document References.* All references herein to any agreement (including this Agreement), document or instrument mean such agreement, document or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto.
- (8) *Disclosure Letter.* Information disclosed any section, subsection or paragraph in the Disclosure Letter is deemed to be disclosed under and incorporated into the corresponding Section of this Agreement and to the extent that it is reasonably apparent that it applies to another section, subsection or subclause of Section 6.1 of the Agreement, such other section as well.

1.10 Schedules and Exhibits.

The following are the Schedules and Exhibits attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

SCHEDULES

- 1.1(a) Approval and Vesting Order
- 1.1(b) Permitted Liens
- 1.1(c) Sale Procedure
- 2.3(1) Excluded Liabilities
- 4.1 Excluded Assets and Excluded Contracts

ARTICLE 2 PURCHASE OF SHARES

2.1 Closing Sequence

At the Closing Time, the Closing shall take place in the following sequence (the “**Closing Sequence**”):

- (1) Payment of Purchase Price: The Purchaser shall pay the unpaid balance of the Cash Consideration to be held in escrow by the Monitor, on behalf of the Corporation, and the entire Purchase Price shall be dealt with in accordance with this Closing Sequence.
- (2) Release of Credit Bid Consideration: The DIP Lender shall cause the Corporation to be released from all amounts owing from the Corporation to the DIP Lender under the DIP Term Sheet, including all Credit Bid Consideration.
- (3) Reverse Vesting: The Corporation shall be deemed to transfer to ResidualCo the Excluded Assets, Excluded Contracts, and Excluded Liabilities, in accordance with the Approval and Vesting Order.
- (4) Share Issuance. The Corporation shall issue the New Common Shares to the Purchaser in a number to be determined by the Purchaser, acting reasonably and in consultation with the Corporation and the Proposal Trustee, having regard to the intended effect of the Transaction, free and clear of all Liens, in exchange for the payment of the Purchase Price.
- (5) Share Consolidation. The Corporation’s Articles shall be amended to, among other things: (i) convert all issued and outstanding shares of the Corporation into common shares; (ii) consolidate the New Common Shares and the Existing Shares (as converted to common shares) on the basis of the Consolidation Ratio; and (iii) provide for such additional changes to the rights and conditions attached to the New Common Shares and Existing Shares as may be requested by the Purchaser, in its sole and unfettered discretion.
- (6) Share Cancellation. Any fractional New Common Shares and fractional Existing Shares held by any holder of such shares immediately following the consolidation of such shares shall be cancelled without any Liability, payment or other compensation in respect thereof, and the Articles shall be altered as necessary to achieve such cancellation.
- (7) Equity Interests Extinguished. Any and all Equity Interests (for greater certainty, not including the Post-Consolidation Shares) that remain issued and outstanding immediately following the Consolidation and Cancellation shall be cancelled and extinguished without any Liability, payment or other compensation in respect thereof and all Equity Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred without any Liability, payment or other compensation in respect thereof

- (8) Distribution of Cash Consideration. The net proceeds of the Cash Consideration shall be released from escrow, but shall continue to be held by the Monitor on ResidualCo's behalf. Upon filing of the Monitor's Certificate, the Monitor shall cause the net proceeds of the Cash Consideration to be distributed in accordance with the Distribution Order, or further order of the Court.

2.2 Post-Consolidation Shares

Subject to the terms and conditions of this Agreement, effective immediately after the Closing Time and following the Consolidation and Cancellation, the Purchaser shall be the sole owner of the Post-Consolidation Shares, which shall represent 100% of the Corporation's issued and outstanding equity.

2.3 Assumed Liabilities of the Company

- (1) Pursuant to the Approval and Vesting Order, save and except for the Assumed Liabilities, all debts, obligations, Liabilities, Liens, Claims, indebtedness, Contracts, leases, agreements, undertakings, rights and entitlements of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or in equity and whether based in statute or otherwise) of or against the Corporation or relating to any Excluded Assets or Excluded Contracts as at the Closing Time, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule 2.3(1), any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Corporation may be bound as at the Closing Time, all Liabilities relating to or under the Excluded Contracts and Excluded Assets, Liabilities for Terminated Employees whose employment with the Corporation is terminated on or before Closing (collectively, the "**Excluded Liabilities**") shall be excluded and will no longer be binding on the Corporation following the Closing Time.
- (2) Pursuant to the Approval and Vesting Order, the Excluded Liabilities shall be channeled to and assumed in full by ResidualCo in accordance with and as further described in ARTICLE 4, and the Corporation and its assets, undertakings, Business and properties shall be discharged of such Excluded Liabilities. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo and the Purchase Price and the Excluded Assets, if any, shall be available to satisfy such Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Amount of Purchase Price.

The aggregate price payable by the Purchaser to the Corporation for the New Common Shares (the "**Purchase Price**") is \$5,000,000.

3.2 Payment of Purchase Price.

The Purchaser shall pay the Purchase Price at the Closing Time as follows:

- (a) the Purchaser shall pay a cash deposit in the amount of USD \$500,000 (the “**Deposit**”) to the Monitor within two (2) business days after the granting of the Stalking Horse Sale Procedure Order by the Court, which Deposit shall be held in escrow by the Monitor in a non-interest bearing account on behalf of the Corporation. If the Closing does not occur and the Agreement is terminated, the Deposit will be forthwith refunded in full to the Purchaser (without interest, offset or deduction), except if the Agreement is terminated by the Corporation in accordance with Section 10.1(6) or if the Agreement is terminated by the Purchaser but the Purchaser is otherwise in breach of its obligations under this Agreement, in which case the Deposit shall not be refunded to the Purchaser. The Deposit shall be applied against the Purchase Price on Closing;
- (b) an amount equivalent to all amounts and obligations owing by the Corporation to the DIP Lender under the DIP Term Sheet, including the principal amount of indebtedness outstanding thereunder and interest accrued thereon as of the Closing Date, plus any other fees or expenses owing by the Corporation under the DIP Term Sheet, which the Purchaser shall cause the release thereof in favour of the Corporation at Closing (the “**Credit Bid Consideration**”), as particularized in a written payout statement provided by the Purchaser to the Corporation and the Monitor by no less than two Business Days prior to the Closing Date (the “**Credit Bid Consideration Statement**”);
- (c) the Purchaser shall pay to the Monitor by wire transfer, certified cheque, bank draft or other means of immediately available funds, the difference between: (i) the Purchase Price, and (ii) the sum of the Deposit and Credit Bid Consideration (together with the Deposit, the “**Cash Consideration**”).

ARTICLE 4 TRANSFER OF EXCLUDED ASSETS AND EXCLUDED LIABILITIES

4.1 Transfer of Excluded Assets to ResidualCo.

On the Closing Date, the Corporation shall retain all of the assets owned by it on the date of this Agreement and any assets acquired by it up to and including Closing, including its Contracts, and Books and Records (the “**Retained Assets**”), save and except for the excluded assets set out on Schedule 4.1 (the “**Excluded Assets**”) and the excluded contracts set out on Schedule 4.1 (the “**Excluded Contracts**”), which the Company shall transfer to ResidualCo on or before the Closing Time or shall be vested in ResidualCo pursuant to the Approval and Vesting Order.

4.2 Transfer of Excluded Liabilities to ResidualCo

At or before the Closing Time, the Excluded Liabilities shall have been channeled to and assumed by ResidualCo, in accordance with the Closing Sequence and pursuant to the

Approval and Vesting Order. Notwithstanding any other provision of this Agreement, neither the Purchaser nor the Corporation shall assume or have any Liability for any of the Excluded Liabilities and all Excluded Liabilities shall be discharged from the Corporation and its assets, undertakings, Business and properties from and after the Closing Time.

ARTICLE 5 STALKING HORSE SALE PROCEDURE

5.1 Stalking Horse Sale Procedure Order; Approval and Vesting Order.

- (1) This Agreement is subject to Court approval and the granting of the Stalking Horse Sale Procedure Order, and Closing is subject to: (i) this Agreement being determined to be the Successful Bid in accordance with the Sale Procedure, and (ii) the issuance of the Approval and Vesting Order.
- (2) The Corporation shall bring a motion as soon as practicable for approval of the Sale Procedure. The Stalking Horse Sale Procedure Order shall recognize this Agreement as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**"), and shall also provide for a marketing process of all or substantially all of the assets or Shares of the Corporation by the Corporation with the potential for competitive bidding. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained.
- (3) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and subject to Court approval, the Purchaser shall be entitled to a break fee of \$200,000 (the "**Break-Up Fee**") and an expense reimbursement fee in the amount of a maximum of \$50,000 (exclusive of HST, if any) (the "**Expense Reimbursement Fee**") payable by the Corporation to the Purchaser only in the event that a successful bid other than the Stalking Horse Bid is accepted by the Corporation, approved by the Court and completed, provided, however, that the Break-Up Fee and Expense Reimbursement Fee shall not be paid to the Purchaser in the event the Agreement is terminated by the Corporation prior to Closing in accordance with Section 10.1(6) or if the Agreement is terminated by the Purchaser prior to Closing but the Purchaser is otherwise in breach of its obligations under this Agreement, and the Corporation accepts a successful bid other than the Stalking Horse Bid as a result. The payment of the foregoing amounts shall be approved in the Stalking Horse Sale Procedure Order and shall be payable to the Purchaser out of the sale proceeds derived from and upon completion of the winning bid. The Parties acknowledge and agree that the foregoing amounts represent a fair and reasonable estimate of the expenses that will be incurred by the Purchaser as a result of preparing for and entering into this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the assets or shares of the Corporation. For certainty, the Break-Up Fee and the Expense Reimbursement Fee do not form part of the Purchase Price.

- (4) In the event that one or more Persons submits a Qualified Bid, the Corporation shall conduct an auction for the determination and selection of a winning bid (the Person submitting such bid being the “**Winning Bidder**”). Upon the selection of the Winning Bidder, there shall be a binding agreement of purchase and sale between the Winning Bidder and the Corporation. The Corporation shall forthwith bring a motion following the selection of the Winning Bidder for an order, among other things, approving the agreement reached with the Winning Bidder and, if granted, shall proceed with closing the transaction forthwith.
- (5) Subject to the provision of Section 5.1(3), in the event that the Purchaser is not the Winning Bidder, then upon the closing of a transaction with such Winning Bidder, this Agreement shall be terminated and the Purchaser shall be entitled to the Break-Up Fee, the Expense Reimbursement Fee and a return of the Deposit and neither Party hereto shall have any further Liability, except as expressly provided for in this Agreement.
- (6) If no Qualified Bids other than the Stalking Horse Bid are received by the Bid Deadline, the Corporation shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction contemplated hereby forthwith.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Corporation.

Subject to the issuance of the Approval and Vesting Order, the Corporation hereby represents and warrants to and in favour of the Purchaser as set out below, and acknowledges that, as of the Closing Time, the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Corporation set out in this Section 6.1:

- (1) *Authority; Incorporation and Power of the Corporation.* The Corporation is a corporation incorporated, organized and subsisting under the laws of the jurisdiction of its incorporation and is in good standing under the *Business Corporations Act* (Ontario). The Corporation has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its other obligations hereunder and under all such other agreements and instruments.
- (2) *Authorization.* The execution, delivery and performance of this Agreement and all other agreements and instruments to be executed by it as contemplated herein and the completion of the Transaction contemplated hereby and thereby have been duly authorized, including all necessary corporate actions, on the part of the Corporation.
- (3) *Enforceability of the Corporation's Obligations.* Subject to the Approval and Vesting Order having been issued, this Agreement constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms.

- (4) *Authorized and Issued Capital and Title to New Common Shares.* Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will constitute all of the issued and outstanding shares in the capital of the Corporation and the Purchaser will be the sole registered and beneficial owner of the Post-Consolidation Shares, with good and valid title thereto, free and clear of all Liens, pursuant to and in accordance with the Approval and Vesting Order. Immediately following the Closing Time and the Consolidation and Cancellation, the Post-Consolidation Shares will be duly authorized and validly issued as fully paid and non-assessable.
- (5) *No Other Agreements to Purchase.* Except for the Purchaser's rights under this Agreement, no Person has any contractual right, option or privilege for the purchase or acquisition from the Corporation of any New Common Shares, Post-Consolidation Shares, or any Retained Assets.
- (6) *Legal Proceedings.* There is no Legal Proceeding in progress, pending or, to the knowledge of the Corporation, Threatened against or affecting the Corporation or any of its property or assets or title thereto (including the New Common Shares, the Post-Consolidation Shares and the Retained Assets), which would reasonably be expected to enjoin, delay, restrict or prohibit the issuance of the New Common Shares, the Consolidation and Cancellation, or the Closing of the Transactions, as contemplated by this Agreement. Except for Orders granted in the NOI Proceeding and the CCAA Proceeding, as applicable, there is no outstanding Order against or affecting the Corporation or any of its property or assets, which would reasonably be expected to enjoin, delay, restrict or prohibit the issuance of the New Common Shares, the Consolidation and Cancellation, or the Closing of the Transactions, as contemplated by this Agreement.
- (7) *Residence of the Corporation.* The Corporation is not a non-resident of Canada for purposes of section 116 of the Income Tax Act.
- (8) *Organization of the Corporation.* The information set out in Section 6.1(8) of the Disclosure Letter concerning the name and jurisdiction of incorporation, the authorized, issued and outstanding shares and the directors and officers of the Corporation is materially true and complete.
- (9) *Assumed Contracts.* The Corporation has provided to the Purchaser correct and complete copies of each Assumed Contract listed in Section 6.1(9) of the Disclosure Letter, together with all amendments, modifications and supplements thereto.
- (10) *Licenses and Compliance with Applicable Law.* Section 6.1(10) of the Disclosure Letter lists all the Licenses and identifies those that by their terms are not transferable. The Licenses are the only licenses, permits, approvals or evidences of authority of any Governmental Authority required for the operation of the Business and are held by the Corporation free and clear of any and all Liens. Except as disclosed in Section 6.1(10) of the Disclosure Letter, the Corporation is conducting the Business in accordance with all terms and conditions of the Licenses and in material compliance with Applicable Law. All the Licenses are valid and are in full force and effect, and no Person has Threatened to revoke, amend

or impose any condition in respect of, or commenced proceedings to revoke, amend or impose conditions in respect of, any License. Except as specifically disclosed in this Agreement, no Regulatory Approval is required in connection with the Transaction contemplated by this Agreement or in order to maintain any License in full force and effect and in good standing after Closing.

- (11) *Regulatory Approvals.* Except as set forth in Section 6.1(11) of the Disclosure Letter, no Regulatory Approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Corporation: (a) in connection with the execution and delivery of, and performance by the Corporation of its obligations under, this Agreement or the consummation of the Transaction contemplated hereby; (b) to avoid the loss of any License; or (c) to permit the Corporation to carry on the Business after the Closing as the Business is currently carried on by the Corporation.
- (12) *Absence of Conflict.* The execution, delivery and performance of this Agreement by the Corporation and the completion (with any required Consents and Regulatory Approvals and the giving of any required notices) of the Transaction contemplated by this Agreement do not and will not result in or constitute any of the following:
- (a) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the articles or by-laws of the Corporation; or
 - (b) the violation of any Applicable Law.

6.2 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Corporation as follows:

- (1) *Incorporation and Corporate Power.* The Purchaser is a corporation incorporated, organized and subsisting under the laws of the jurisdiction of its incorporation. The Purchaser has the corporate power, authority and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations under this Agreement and under all such other agreements and instruments.
- (2) *Authorization by Purchaser.* The execution and delivery of this Agreement and all other agreements and instruments to be executed by it as contemplated herein and the completion of the Transaction contemplated by this Agreement and all such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms. There is no Legal Proceeding in progress, pending, or, to the knowledge of the Purchaser, Threatened against or affecting the Purchaser, and there are no grounds on which any such Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Purchaser which, in any such case,

affects adversely or might affect adversely the ability of the Purchaser to enter into this Agreement or to perform its obligations hereunder.

- (4) *Absence of Conflict.* The execution, delivery and performance of this Agreement by the Purchaser and the completion of the Transaction contemplated by this Agreement do not and will not result in or constitute any of the following:
 - (a) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the articles or by-laws of the Purchaser; or
 - (b) the violation of any Applicable Law.
- (5) *Consents, Regulatory Approvals.* No Consent or Regulatory Approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Purchaser in connection with the execution and delivery of, and performance by the Purchaser of its obligations under, this Agreement or the consummation of the Transaction contemplated hereby.
- (6) *Investment Canada Act.* The Purchaser is a “non-Canadian” within the meaning of the ICA.

6.3 Commissions.

Each Party represents and warrants to the other Party that such other Party will not be liable for any brokerage commission, finder’s fee or other similar payment in connection with the Transaction contemplated by this Agreement because of any action taken by, or agreement or understanding reached by, that Party.

6.4 As is, Where is.

The representations and warranties of the Corporation shall survive the Closing Time on the Closing Date, provided, however, that the Purchaser’s recourse for any breach or inaccuracy for such representation and warranties shall be against ResidualCo. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the New Common Shares and the Post-Consolidation Shares shall be sold and delivered to the Purchaser on an “as is, where is” basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, Liens, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever, including with respect to the New Common Shares, the Post-Consolidation Shares, and the Retained Assets.

ARTICLE 7 CLOSING ARRANGEMENTS

7.1 Pre-Closing

The Purchaser and the Corporation shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and

do such other acts and things as are necessary to give effect to the Consolidation and Cancellation.

7.2 Closing.

The Closing shall take place virtually whereby required executed closing deliverables are circulated by electronic mail in pdf format on the Closing Date, in accordance with the Closing Sequence, and released at such time and pursuant to such protocols and confirmations as the Parties may agree.

7.3 Corporation's Closing Deliveries.

At the Closing, the Corporation shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) an executed copy of the Monitor's Certificate;
- (c) share certificate(s) representing the New Common Shares;
- (d) an executed copy of the Tax Direction, if applicable;
- (e) the minute books, share certificate books and corporate seal of the Corporation;
- (f) a bring-down certificate executed by the Corporation dated as of the Closing Date, in form and substance satisfactory to the Purchaser, acting reasonably, certifying that (i) all of the representations and warranties of the Corporation hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date, and (ii) all of the terms and conditions set out in this Agreement to be complied with or performed by the Corporation at or prior to Closing have been complied with or performed by the Corporation in all material respects; and
- (g) the written resignation of each director and officer of the Corporation designated by the Purchaser in a form acceptable to the Purchaser in its sole discretion.

7.4 Purchaser's Closing Deliveries.

At the Closing, the Purchaser shall deliver or cause to be delivered to the Corporation the following documents and payments:

- (a) the Credit Bid Consideration Statement;
- (b) a release of the Corporation from the DIP Lender for all amounts owing from the Corporation to the DIP Lender under the DIP Term Sheet, including all Credit Bid Consideration;

- (c) the payment referred to in Section 3.2(c), which shall be made to the Monitor;
- (d) a bring-down certificate executed by a senior officer of the Purchaser dated as of the Closing Date, in form and substance satisfactory to the Corporation, acting reasonably, certifying that (i) all of the representations and warranties of the Purchaser hereunder remain true and correct in all material respects as of the Closing Date as if made on and as of such date or, if made as of a date specified therein, as of such date, and (ii) all of the terms and conditions set out in this Agreement to be complied with or performed by the Purchaser at or prior to Closing have been complied with or performed by the Purchaser in all material respects; and
- (e) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Corporation to complete the Transaction provided for in this Agreement, all of which shall be in form and substance satisfactory to the Corporation, acting reasonably.

ARTICLE 8 CONDITIONS OF CLOSING

8.1 Purchaser's Conditions.

The Purchaser shall not be obligated to complete the Transaction pursuant to this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 8.1 has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Purchaser. The Corporation shall take all such actions, steps and proceedings as are reasonably within their control as may be necessary to ensure that the conditions listed below in this Section 8.1 are fulfilled at or before the Closing Time.

- (1) *Court Approval.* The Stalking Horse Sale Procedure Order and the Approval and Vesting Order shall each have been issued and entered by the Court.
- (2) *Successful Bid.* The Corporation, in consultation with the Proposal Trustee, shall have determined in accordance with the Sale Procedure that this Agreement is the Successful Bid.
- (3) *Corporation's Deliverables.* The Corporation shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.3.
- (4) *Representations and Warranties.* Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, the representations and warranties of the Corporation in Section 6.1 shall be true and correct in all material respects: (i) as at the Closing as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

- (5) *Corporation Employees.* The Corporation shall have terminated the employment of the Terminated Employees, as requested by the Purchaser in its sole discretion, and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, severance, vacation pay, benefits, bonuses or other compensation or entitlements, shall be either satisfied by the Corporation prior to Closing or Excluded Liabilities pursuant to the Approval and Vesting Order.
- (6) *Corporation's Compliance.* The Corporation shall have performed and complied with all of the terms and conditions in this Agreement on their part to be performed or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.3 and elsewhere in this Agreement.

8.2 Corporation's Conditions.

The Corporation shall not be obligated to complete the Transaction contemplated by this Agreement unless, at or before the Closing Time, each of the conditions listed below in this Section 8.2 has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the Corporation. The Purchaser shall take all such actions, steps and proceedings as are reasonably within the Purchaser's control as may be necessary to ensure that the conditions listed below in this Section 8.2 are fulfilled at or before the Closing Time.

- (1) *Court Approval.* The Stalking Horse Sale Procedure Order and the Approval and Vesting Order shall each have been issued and entered by the Court.
- (2) *Successful Bid.* The Corporation, in consultation with the Proposal Trustee, shall have determined in accordance with the Sale Procedure that this Agreement is the Successful Bid.
- (3) *Purchaser's Deliverables.* The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Corporation at the Closing all the documents contemplated in Section 7.4.
- (4) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 6.2 shall be true and correct at the Closing.
- (5) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Corporation at the Closing all the documents contemplated in Section 7.4 and elsewhere in this Agreement.
- (6) *Monitor's Certificate.* The Monitor shall have provided an executed copy of the Monitor's Certificate confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Corporation.

8.3 Monitor's Certificate.

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, an executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from each Party that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received. Upon such confirmation being given, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

ARTICLE 9 COVENANTS

9.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

9.2 Motion for Approval and Vesting Order

As soon as practicable if the Purchaser is selected as the Winning Bidder, the Corporation shall bring a motion for the Approval and Vesting Order. The Corporation shall diligently use its commercially reasonable efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Corporation in its efforts to obtain the issuance and entry of the Approval and Vesting Order, including for greater certainty, supporting the approval of the releases of the directors and officers of the Corporation, its advisors, the Monitor and the Monitor's counsel sought in the Approval and Vesting Order.

9.3 Tax Matters

The Corporation shall be responsible for all Taxes owed or owing or accrued due by the Corporation in respect of the period commencing on the Filing Date and ending on the Closing Date (the "**Post-Filing Tax Obligations**").

All Taxes owed or owing or accrued due by the Corporation prior to the Filing Date shall be transferred to, assumed by, and vested in ResidualCo as Excluded Liabilities.

Prior to Closing, the Corporation shall provide evidence in form and substance satisfactory to the Purchaser that all such Post-Filing Tax Obligations have been paid in full to the relevant Governmental Authority or that sufficient cash reserves will be held by the Corporation at Closing to pay all such Post-Filing Tax Obligations in full post-Closing. To the extent that any Post-Filing Tax Obligations remain outstanding and the Corporation will have insufficient cash reserves to cover such obligations at Closing, the Corporation shall provide an irrevocable direction to the Purchaser (the "**Tax Direction**")

authorizing and directing the Purchaser to pay a portion of the Cash Consideration to the relevant Governmental Authorities to satisfy any such amounts. For certainty, the Post-Filing Tax Obligations include, but are not limited to, any and all withholding taxes, property taxes, and excise taxes. For greater certainty, any audits or reassessments by the Canada Revenue Agency or other Governmental Authority that occur after the Filing Date but relate to a time period occurring, or facts arising, prior to the Filing Date are not, and shall not be considered to be, Post-Filing Tax Obligations but shall be transferred to ResidualCo as Excluded Liabilities.

9.4 Investigation.

During the Interim Period, the Corporation shall give, or cause to be given, to the Purchaser and its Representatives reasonable access during normal business hours to the Business and the property and assets of the Corporation, including the Books and Records, the Contracts and the property subject to Premises Leases to conduct such investigations, inspections, surveys or tests thereof and of the financial and legal condition of the Corporation as the Purchaser deems necessary or desirable to familiarize itself with such properties, assets and other matters. Without limiting the generality of the foregoing, the Purchaser shall be permitted complete access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees. Such investigations, inspections, surveys and tests shall be carried out during normal business hours and without undue interference with the operations of the Corporation and the Business and the Corporation shall co-operate fully in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser. The Corporation shall execute and deliver any authorizations required to permit such investigations, inspections, surveys and tests.

9.5 Personal Information.

Each Party shall comply with Privacy Law in the course of collecting, using and disclosing Transaction Personal Information. The Purchaser shall collect Transaction Personal Information prior to Closing only for purposes related to the Transaction contemplated by this Agreement and as is necessary to determine whether to proceed with such Transaction in connection with its investigations of the Business, the Corporation and its property and assets and, if the Purchaser does not elect to terminate this Agreement as provided herein, for the completion of such Transaction. Prior to Closing, the Purchaser shall not disclose Transaction Personal Information to any Person other than to its Representatives who are evaluating and advising on the Transaction contemplated by this Agreement who need to know such information to perform such tasks. If the Purchaser proceeds with the Transaction contemplated by this Agreement, the Purchaser shall not, following the Closing, without the consent of the individuals to whom such Personal Information relates or as permitted or required by Applicable Law, use or disclose Transaction Personal Information:

- (a) for purposes other than those for which such Transaction Personal Information was collected by the Corporation prior to the Closing; and

- (b) which does not relate directly to the carrying on of the Business or to the carrying out of the purposes for which the Transaction contemplated by this Agreement was implemented.

The Purchaser shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure, as provided by Privacy Law. The Purchaser shall cause its Representatives to observe the terms of this Section 9.5 and to protect and safeguard Transaction Personal Information in their possession. If the Corporation or the Purchaser terminates this Agreement as provided herein, the Purchaser shall promptly deliver to the Corporation all Transaction Personal Information in its possession or in the possession of any of its Representatives, including all copies, reproductions, summaries or extracts thereof and destroy any electronic copies thereof that remain in the possession or control of Purchaser or any of its Representatives.

9.6 Confidentiality.

- (1) *Information To Be Confidential.* Each Party shall treat confidentially and not disclose, and shall cause each of its Representatives to treat confidentially and not disclose, other than as expressly contemplated by this Agreement, any Confidential Information of the other Parties.
- (2) *Use Of Confidential Information.* Each Party may disclose Confidential Information only to those of its Representatives who need to know such Confidential Information for the purpose of implementing the Transaction contemplated by this Agreement. No Party shall use, or permit its Representatives to use, Confidential Information for any other purpose nor in any way that is, directly or indirectly, detrimental to the other Parties.
- (3) *Required Disclosure.* If any Party or any of its Representatives receives a request or is legally required to disclose all or any part of the Confidential Information, such Party shall (a) immediately notify the other Parties of the request or requirement, (b) consult with the other Parties on the advisability of taking legally available steps to resist or narrow the request or lawfully avoid the requirement, and (c) if requested by the other Parties, take all necessary steps to seek a protective order or other appropriate remedy. If a protective order or other remedy is not available, or if the other Parties waive compliance with the provisions of this Section 9.6(3), (i) the Party receiving the request for disclosure or its Representatives, as the case may be, may disclose to the Person requiring disclosure only that portion of the Confidential Information which such Party is advised by written opinion of counsel is legally required to be disclosed, and (ii) such Party shall not be liable for such disclosure unless such disclosure was caused by or resulted from a previous disclosure by such Party or its Representatives not permitted by this Agreement.
- (4) *Return or Destruction.* Following the termination of this Agreement in accordance with the provisions of this Agreement, each Party shall (and shall cause each of its Representatives to) (a) return promptly to the other Parties all physical copies of the Confidential Information, excluding Notes, then in such Party's possession or in the possession of its Representatives, (b) destroy all (i) electronic copies of the Confidential Information, and (ii) Notes (including electronic copies thereof)

prepared by such Party or any of its Representatives, including electronic back-ups of the foregoing in a manner that ensures the same may not be retrieved or undeleted by such Party or any of its Representatives, and (c) deliver to the other Parties a certificate executed by one of its duly authorized senior officers indicating that the requirements of this sentence have been satisfied in full.

9.7 Risk of Loss.

If before the Closing all or any substantial portion of the property or assets of the Corporation are lost, damaged or destroyed or are expropriated or seized by any Governmental Authority or any other Person in accordance with Applicable Law or if notice of any such expropriation or seizure shall have been given in accordance with Applicable Law, the Purchaser, in its sole discretion, shall have the option, exercisable by notice to the Corporation given prior to the Closing Time:

- (a) to terminate this Agreement by notice to the Corporation, as provided in Section 10.1(4); or
- (b) to complete the Transaction contemplated by this Agreement and require the Corporation to reduce the Purchase Price by the amount of the cost of repair of the property and assets which were damaged or destroyed or, if lost or damaged beyond repair or seized or expropriated, by the replacement cost of the property and assets so lost, damaged, expropriated or seized, such reduction in price to be net of all proceeds of insurance or compensation for expropriation or seizure actually received by the Corporation.

9.8 Indemnity

The Purchaser hereby indemnifies the Corporation and its Representatives, and saves them fully harmless against, and will reimburse or compensate them for, any Damages arising from, in connection with or related in any manner whatsoever to:

- (1) the Purchaser's access in accordance with Section 9.1; and
- (2) the collection, use or disclosure of Transaction Personal Information by the Purchaser and its Representatives.

9.9 Action During Interim Period.

- (1) *Operate in Ordinary Course.* Except: (i) as contemplated or permitted by this Agreement (ii) as necessary in connection with the NOI Proceeding or CCAA Proceeding; (iii) as otherwise provided in the DIP Order, Stalking Horse Sale Procedure Order and any other court Orders, prior to the Closing Time; or (iv) as consented to by the Purchaser and the Company, such consent not to be unreasonably withheld, conditioned or delayed, during the Interim Period, the Corporation shall operate the Business in the Ordinary Course of Business in compliance with Applicable Law and the terms and conditions of all Material Contracts.

- (2) *Negative Covenants.* Except: (i) as contemplated or permitted by this Agreement (ii) as necessary in connection with the NOI Proceeding or CCAA Proceeding; (iii) as otherwise provided in the DIP Order, Stalking Horse Sale Procedure Order and any other court Orders, prior to the Closing Time; or (iv) as consented to by the Purchaser and the Company, such consent not to be unreasonably withheld, conditioned or delayed, during the Interim Period, save and except as otherwise specified herein, the Corporation shall ensure that it does not:
- (a) amend its articles or by-laws or similar document adopted or filed in connection with the creation, formation or organization of the Corporation;
 - (b) directly or indirectly, declare, set aside for payment or pay any dividend or make any other payment or distribution on or in respect of any of the Shares;
 - (c) dispose of or revalue any of the assets reflected on the balance sheet forming part of the most recent Annual Financial Statements, except sales of assets in the Ordinary Course of Business;
 - (d) make any change in its accounting principles, policies, practices or methods;
 - (e) enter into any contract or any other transaction that is not in the Ordinary Course of Business;
 - (f) terminate, cancel, modify or amend in any material respect which would entitle any party to any Material Contract to terminate, cancel, modify or amend any Material Contract (other than by reducing, delaying or ceasing to pay amounts owing under Material Contracts from prior to the Filing Date);
 - (g) purchase or otherwise acquire any interest in any securities of any other Person;
 - (h) make any capital expenditure or authorize any capital expenditure or make any commitment for the purchase, construction or improvement of any capital assets except in the Ordinary Course of Business;
 - (i) enter into any Contract or commitment to hire, or terminate the service of, any officer or senior management employee; or
 - (j) agree, commit or enter into any understanding to take any actions enumerated in paragraphs (a) to (j) of this Section 9.8.

9.10 Consents and Approvals.

Commencing forthwith after the date hereof the Corporation shall use all commercially reasonable efforts to obtain, at or prior to the Closing Time, all Consents and Regulatory Approvals.

ARTICLE 10 TERMINATION

10.1 Grounds for Termination.

This Agreement may be terminated on or prior to the Closing Date:

- (1) automatically and without any action or notice by either the Corporation to the Purchaser or the Purchaser to the Corporation, immediately upon the selection by the Corporation, in consultation with the Proposal Trustee, of a Successful Bid if this Agreement is not the Successful Bid selected at such time;
- (2) by either Party upon written notice to the other Party if: (i) the Approval and Vesting Order has not been obtained by the Outside Date, or (ii) the Court declines at any time to grant the Approval and Vesting Order; in each case for reasons other than a breach of this Agreement by the Party proposing to terminate the Agreement;
- (3) by the mutual written agreement of the Corporation and the Purchaser, provided however that if this Agreement has been approved by the Court, any such termination shall require either the consent of the Proposal Trustee or Monitor, as applicable, or approval of the Court;
- (4) by written notice from the Purchaser to the Corporation in accordance with Section 9.7 (Risk of Loss);
- (5) by written notice from the Purchaser to the Corporation if there has been a material breach by the Corporation of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and such breach is not curable and has rendered the satisfaction of any condition in Section 8.1 impossible by the Outside Date, provided that at the time of providing such notice of termination, the Purchaser is not in breach of any of its obligations under this Agreement;
- (6) by written notice from the Corporation to the Purchaser if there has been a material breach by the Purchaser of any representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Corporation and such breach is not curable and has rendered the satisfaction of any condition in Section 8.2 impossible by the Outside Date, provided that at the time of providing such notice of termination, the Corporation is not in breach of any of their obligations under this Agreement; and
- (7) by the Purchaser, on the one hand, or by the Corporation, on the other hand, upon written notice to the other Party if the Closing has not occurred by the Outside Date, provided, however, that the right to terminate this Agreement pursuant to this Section 10.1(7) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in the Closing not occurring by the Outside Date.

10.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 10.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability hereunder, except as contemplated in Sections 3.2(a) (Treatment of Deposit), 5.1(3) (Break-Up Fee), 9.5 (Personal Information), 9.8 (Indemnity), 10.2 (Effect of Termination), 11.4 (Notices), 11.7 (Entire Agreement), 11.8 (Amendment), 11.10 (Severability), 11.12 (Attornment), 11.13 (Governing Law), 11.14 (Successors and Assigns) and 11.15 (Assignment), which shall survive such termination.

ARTICLE 11 GENERAL

11.1 Payment of Taxes.

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from the Transaction contemplated by, this Agreement (other than Taxes payable by the Corporation under Applicable Law, including Post-Filing Tax Obligations) and any filing, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

11.2 Preparation of Tax Returns.

After Closing, the Purchaser shall cause to be prepared and filed on a timely basis all Tax Returns for the Corporation for (a) any period which ends on or before the Closing Date and for which Tax Returns have not been filed as of such date and (b) for any period that begins prior to the Closing Date and ends after the Closing Date for which Tax Returns are required to be prepared and filed.

11.3 Public Announcements.

Except to the extent otherwise required by Applicable Law or with the prior consent of the other Party, neither Party shall make any public announcement regarding this Agreement or the Transaction contemplated by this Agreement.

11.4 Notices.

(1) *Mode of Giving Notice.* Any notice, direction, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by e-mail or other similar means of electronic communication, in each case to the applicable address set out below:

(a) if to the Corporation or to ResidualCo, to:

iS5 Communications Inc.
5895 Ambler Drive
Mississauga, ON
L4W 5B7

Attention: Clive Dias
Email: clivedias@is5com.com

with a copy to:

Fasken Martineau DuMoulin LLP
55 Metcalfe Street, Suite 1300
Ottawa, ON K1P 6L5

Attention: Julia Kennedy
Email: jkennedy@fasken.com

(b) if to the Purchaser, to:

ELEKTROPHOENIX GmbH
Flachmarktstraße 8
32825 Blomberg, Germany

Attention: Marcus Böker
Email: mboeker@phoenixcontact.com

with a copy to:

Allen McDonald Swartz LLP
100 King Street West, Suite 5600
First Canadian Place
Toronto, ON
M5X 1C9

Attention: Jennifer Allen
Email: jallen@amsbizlaw.com

(c) and in either case, with a copy to the Proposal Trustee/ Monitor, to:

Grant Thornton Limited
11th Floor, 200 King Street West
Toronto, ON M5H 3T4

Attention: Daniel Wootton
Email: Dan.Wootton@ca.gt.com

AND

Grant Thornton Limited
11th Floor, 200 King Street West
Toronto, ON M5H 3T4

Attention: Jason Kanji
Email: jason.kanji@ca.gt.com

with a copy to:

Cozen O'Connor LLP
Bay Adelaide Centre - West Tower
333 Bay Street, Suite 1100
Toronto, ON M5H 2R2

Attention: Steven Weisz
Email: SWeisz@cozen.com

- (2) *Deemed Delivery of Notice.* Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (3) *Change of Address.* Any Party may from time to time change its address under this Section 11.4 by notice to the other Party given in the manner provided by this Section 11.4.

11.5 Time of Essence.

Time shall be of the essence of this Agreement in all respects.

11.6 Further Assurances.

Each Party shall from time to time promptly execute and deliver or cause to be executed and delivered all such further documents and instruments and shall do or cause to be done all such further acts and things in connection with this Agreement that the other Party may reasonably require as being necessary or desirable in order to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement or any provision hereof.

11.7 Entire Agreement.

This Agreement, together with the Mutual Confidentiality and Nondisclosure Agreement dated effective July 29, 2022 among the Corporation and Phoenix ("**Mutual NDA**"), which Purchaser acknowledges being bound by, constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, (including the LOI). There are no conditions, representations, warranties, obligations or other agreements between the Parties in connection with the subject matter of this

Agreement (whether oral or written, express or implied, statutory or otherwise) except or explicitly set out in this Agreement or in the Mutual NDA.

11.8 Amendment.

No amendment of this Agreement shall be effective unless made in writing and signed by the Parties.

11.9 Waiver.

A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement will not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).

11.10 Severability.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

11.11 Remedies Cumulative.

The rights, remedies, powers and privileges herein provided to a Party are cumulative and in addition to and not exclusive of or in substitution for any rights, remedies, powers and privileges otherwise available to that Party.

11.12 Attornment.

Each Party agrees (i) that any Legal Proceeding relating to this Agreement must be brought in the Court, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (ii) that it irrevocably waives any right to, and shall not, oppose any such Legal Proceeding in the Province of Ontario on any jurisdictional basis, including *forum non conveniens*; and (iii) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section 11.12. Each Party agrees that service of process on such Party as provided in Section 11.4 shall be deemed effective service of process on such Party.

11.13 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in such Province and this Agreement shall be treated, in all respects, as an Ontario contract.

11.14 Successors and Assigns.

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

11.15 Assignment.

Prior to the issuance of the Approval and Vesting Order, the Purchaser may assign all of its rights and obligations under this Agreement to an Affiliate, provided that (i) the Purchaser shall remain liable to perform all of its obligations hereunder, and (ii) the Purchaser and its assignee execute and deliver to the Vendors an assignment and assumption agreement, in form and substance satisfactory to the Vendors, evidencing such assignment. Other than in accordance with the preceding sentence, the Purchaser may not assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement.

11.16 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

ISS COMMUNICATIONS INC.

By:  _____
Name: Clive Dias
Title: President

ELEKTROPHOENIX GMBH

By: _____
Name: Frank Stührenberg
Title: Authorized Signing Officer

By: _____
Name: Axel Wachholz
Title: Authorized Signing Officer

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This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party.

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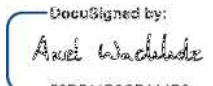
IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

ISS COMMUNICATIONS INC.

By: _____
Name: Clive Dias
Title: President

ELEKTROPHOENIX GMBH

By:  _____
Name: Frank Stührenberg
Title: Authorized Signing Officer

By:  _____
Name: Axel Wachholz
Title: Authorized Signing Officer

SCHEDULE 1.1(a)

Form of Approval and Vesting Order

See attached.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.	)	[]], THE []]
	)	
JUSTICE OSBORNE	)	DAY OF []], 2022
	)	

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF iS5 COMMUNICATIONS INC.

**ORDER
(Approval and Vesting Order)**

THIS MOTION, made by iS5 Communications Inc. (the “**Debtor**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order, among other things: (i) approving the Share Purchase Agreement (the “**SPA**”) between the Debtor and Elektrophoenix GmbH (the “**Purchaser**”), dated []], 2022, and the transaction contemplated therein (the “**Transaction**”), (ii) adding [] (“**ResidualCo**”) as an Applicant to these CCAA proceedings; (iii) transferring and vesting all of the Debtor’s right, title and interest in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (as defined in the SPA) to and in ResidualCo; and (iv) vesting all of the right, title and interest in and to the New Common Shares (as defined in the SPA) in the Purchaser; was heard on []], 2022, by video conference in accordance with the Guidelines To Determine Mode of Proceeding in Civil.

ON READING the Debtor’s Notice of Motion, the affidavit of [] sworn []], 2022, and the [] Report of Grant Thornton Limited, in its capacity as Monitor of the Debtor (the “**Monitor**”), to be filed (the “[] **Report**”), and on hearing the submissions of counsel for the Debtor, counsel for the Monitor, counsel for the Purchaser, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party, although duly served as appears from the affidavit of service of [] sworn []], 2022, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby validated so that this Motion was properly returnable on [▶], 2022, and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the SPA.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the SPA and the Transaction be and are hereby approved and that the execution of the SPA by the Debtor is hereby authorized, approved and ratified, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor. The Debtor is hereby authorized and directed to perform its obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the New Common Shares and the Post-Consolidation Common Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that notwithstanding any provision hereof, the closing of the Transaction shall be deemed to occur in the manner, order and sequence set out in the SPA, including in accordance with the Closing Sequence, with such alterations, changes or amendments as may be agreed to by the Purchaser and the Debtor, with the approval of the Monitor, provided that such alterations, changes or amendments do not materially alter or impact the Transaction or the consideration which the Debtor and/or its applicable stakeholders will benefit from as part of the Transaction.

5. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Debtor to proceed with the Transaction (including, for certainty, the Pre-Closing Reorganization and the Closing Sequence), and that no shareholder or other approval shall be required in connection therewith.

6. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Monitor’s certificate (the “**Monitor’s Certificate**”) to the Purchaser (the “**Effective Time**”), substantially in the form attached as Schedule “A” hereto, the following shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below) shall continue to attach to the Excluded Assets and to the Proceeds (as defined below) in accordance with paragraph 9 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (b) second, all Excluded Contracts and Excluded Liabilities of the Debtor (which for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise), other than: (i) the Assumed Liabilities, and (ii) any set off claims asserted as defences to any claims made by the Debtor, shall be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Debtor, and the Debtor and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate (together with the Retained Assets, the “**Debtor’s Property**”) shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims and all Encumbrances (each as defined below) affecting or relating to the Debtor’s Property are hereby expunged and discharged as against the Debtor’s Property;
- (c) third, all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or commitments of any character whatsoever that are held by any Person (defined below) and are

convertible or exchangeable for any securities of the Debtor or which require the issuance, sale or transfer by the Debtor, of any shares or other securities of the Debtor and/or the share capital of the Debtor, or otherwise relating thereto, shall be deemed terminated and cancelled;

- (d) fourth, all of the right, title and interest in and to the New Common Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Initial Order or any other Order of the Court in this CCAA Proceeding; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems; and (iii) those Claims listed on Schedule “B” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “C” hereto). For greater certainty, this Court orders that all of the Encumbrances affecting or relating to the New Common Shares are hereby expunged and discharged as against the New Common Shares; and
- (e) fifth, the Debtor shall be deemed to cease being a Debtor in these CCAA proceedings, and the Debtor shall be deemed to be released from the purview of the Initial Order and all other Orders of this Court granted in respect of this CCAA Proceeding, save and except for this Order, the provisions of which (as they relate to the Debtor) shall continue to apply in all respects.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof in connection with the Transaction.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Debtor and the Purchaser regarding the fulfilment of conditions to closing under the SPA and shall have no liability with respect to delivery of the Monitor’s Certificate.

9. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the New Common Shares (including, for greater certainty, the Deposit and the Cash Consideration) (the “**Proceeds**”) shall stand in the place and stead of the Debtor’s Property, and that from and after the delivery of the Monitor’s Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded Assets with the same priority as they had with respect to the Debtor’s Property immediately prior to the sale.

10. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Debtor or the Monitor, as the case may be, is authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Debtor’s records pertaining to past and current employees of the Debtor. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Debtor.

11. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 6 hereof, the Purchaser and the Debtor shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent), or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, the Debtor (provided, as it relates to the Debtor, such release shall not apply to Taxes in respect of the business and operations conducted by the Debtor after the Effective Time), including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or the Debtor (including its affiliates and any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial equivalent, in connection with the Debtor. For greater certainty, nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.

12. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all Contracts to which the Debtor is a party at the time of delivery of the Monitor’s Certificate

will be and remain in full force and effect upon and following delivery of the Monitor’s Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Monitor’s Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Debtor);
- (b) the insolvency of the Debtor or the fact that the Debtor sought or obtained relief under the *Bankruptcy and Insolvency Act*, R.S.C 195, c. B-3, as amended (the “**BIA**”) and the CCAA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transaction or the provisions of this Order, or any other Order of the Court in these proceedings; or
- (d) any transfer or assignment, or any change of control of the Debtor arising from the implementation of the SPA, the Transaction or the provisions of this Order.

13. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 12 hereof shall waive, compromise or discharge any obligations of the Debtor in respect of any Assumed Liabilities, and (b) the designation of any Claim as an Assumed Liability is without prejudice to the Debtor’s right to dispute the existence, validity or quantum of any such Assumed Liability, and (c) nothing in this Order or the SPA shall affect or waive the Debtor’s rights and defences, both legal and equitable, with respect to any Assumed Liability, including, but not limited to, all rights with respect to entitlements to set offs or recoupments against such Assumed Liability.

14. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed

by the Debtor, or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any Contract existing between such Person and the Debtor (including for certainty, those Contracts constituting Retained Assets) arising directly or indirectly from the commencement of the NOI Proceeding or the conversion to the CCAA Proceedings and the implementation of the Transaction, including without limitation any of the matters or events listed in paragraph 12 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Debtor from performing its obligations under the SPA or be a waiver of defaults by the Debtor under the SPA and the related documents.

15. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Debtor relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

16. **THIS COURT ORDERS** that from and after the Effective Time:

- (a) the nature of the Assumed Liabilities retained by the Debtor, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;
- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against the Debtor under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against

the Debtor but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and

- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Debtor prior to the Effective Time.

17. **THIS COURT ORDERS AND DECLARES** that, as of the Effective Time:

- (a) ResidualCo shall be a company to which the CCAA applies; and
- (b) ResidualCo shall be added as an Applicant in this CCAA Proceeding and all references in any Order of this Court in respect of this CCAA Proceeding to (i) an “Applicant” shall refer to and include ResidualCo, and (ii) “Property” shall include the current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, of ResidualCo (the “**ResidualCo Property**”), and, for greater certainty, each of the Charges (as defined in the Initial Order dated [▶], 2022), shall constitute a charge on the ResidualCo Property.

18. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA, in respect of ResidualCo and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of ResidualCo;

the SPA, the implementation of the Transaction (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the New Common Shares in and to the Purchaser) and

any payments by or to the Purchaser, ResidualCo or the Monitor authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of ResidualCo and shall not be void or voidable by creditors of ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR’S ENHANCED POWERS

19. THIS COURT ORDERS that in addition to the powers and duties of the Monitor set out in the Initial Order or any other Order of this Court in this CCAA Proceeding, and without altering in any way the limitations and obligations of ResidualCo as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required, to:

- (a) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of ResidualCo in order to facilitate the performance of any ongoing obligations of ResidualCo, including with respect to any Excluded Liability Claim, and to carry out the Monitor’s duties under this Order or any other Order of this Court in this CCAA Proceeding;
- (b) exercise any powers which may be properly exercised by a board of directors of ResidualCo;
- (c) cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;
- (d) open one or more new accounts (the “**ResidualCo Accounts**”) into which all funds, monies, cheques, instruments and other forms of payment payable to ResidualCo shall be deposited from and after the making of this Order from any source whatsoever and to operate and control, as applicable, on behalf of ResidualCo, the ResidualCo Accounts in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor’s powers and duties;

- (e) cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds of the ResidualCo Property or any other related activities, including in connection with bringing this CCAA Proceeding to an end;
- (f) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of ResidualCo in the name of or on behalf of ResidualCo;
- (g) claim or cause ResidualCo to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which ResidualCo is entitled;
- (h) have access to all books and records that are the property of ResidualCo in ResidualCo's possession or control in addition to the Debtor's books and records in accordance with the terms of the SPA;
- (i) assign ResidualCo, or cause ResidualCo to be assigned, into bankruptcy, and the Monitor shall be entitled but not obligated to act as trustee in bankruptcy thereof;
- (j) consult with Canada Revenue Agency with respect to any issues arising in respect of this CCAA Proceeding; and
- (k) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

20. THIS COURT ORDERS that notwithstanding anything contained in this Order, the Monitor is not and shall not be or be deemed to be, a director, officer, or employee of ResidualCo or the Debtor.

21. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, ResidualCo shall remain in possession and control of its Property and Business (each as defined in the Initial Order) and the Monitor shall not take, or be deemed to have taken, possession or control of the Property or the Business of ResidualCo, or any part thereof.

22. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor and its legal counsel shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the Initial Order and any other Order of this Court and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor and the fulfillment of its duties and the carrying out of the provisions of this Order.

23. THIS COURT ORDERS that nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of the Debtor or ResidualCo within the meaning of any relevant legislation and that any distributions to creditors of ResidualCo or the Debtor by the Monitor will be deemed to have been made by ResidualCo.

24. THIS COURT ORDERS that the power and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of ResidualCo with respect to such matters and, in the event of a conflict between the terms of this Order and those of the Initial Order or any other Order of this Court, the provisions of this Order shall govern.

RELEASES

25. **THIS COURT ORDERS** that effective upon filing of the Monitor's Certificate, (i) the current directors, officers, employees, independent contractors that have provided legal or financial services to the Debtor, legal counsel and advisors of the Debtor, and (ii) the Monitor and its legal counsel (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part of any act or omission, transaction, dealing or other occurrence existing or taking place prior to the filing of the Monitor's Certificate and that relate in any manner whatsoever to the Debtor or any of its

assets (current or historical), obligations, business or affairs or this CCAA Proceeding, including any actions undertaken or completed pursuant to the terms of this Order, or arising in connection with or relating to the SPA or the completion of the Transaction, or the administration and/or management of the Debtor or these proceedings (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, *provided that* nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

GENERAL

26. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the New Common Shares.

27. **THIS COURT ORDERS** that, following the Effective Time, the title of these proceedings is hereby changed to

IN THE MATTER OF THE *COMPANIES’ CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF [▶]

28. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist ResidualCo, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to ResidualCo and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist ResidualCo and the Monitor and their respective agents in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that each of ResidualCo and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

Schedule A – Form of Monitor’s Certificate

Court File No. 32-2853708

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF iS5 COMMUNICATIONS INC.

RECITALS

A. Pursuant to the Initial Order of the Honourable Mr. Justice Osborne of the Ontario Superior Court of Justice (Commercial List), dated [▶], 2022, as amended, iS5 Communications Inc. (the “**Debtor**”) was granted protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Grant Thornton Limited was appointed as the monitor (“**Monitor**”) of the Debtor.

B. Pursuant to the Approval and Vesting Order of the Court dated [▶], 2022 (the “**Order**”), the Court approved the transaction (the “**Transaction**”) contemplated by the Share Purchase Agreement dated [▶], 2022 (the “**SPA**”), between the Debtor and Elektrophoenix GmbH (the “**Purchaser**”), and ordered, *inter alia*, that: (i) all of the Debtor’s right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo; (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo; and (iii) all of the right, title and interest in and to the New Common Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Purchaser and the Debtor that all conditions to closing have been satisfied or waived by the parties to the SPA.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and from the Debtor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.

2. This Monitor's certificate was delivered by the Monitor at _____ on _____, 2022.

**Grant Thornton Limited, in its capacity as
Monitor of the Debtor, and not in its
personal capacity.**

Per: _____

Name:

Title:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **iS5 COMMUNICATIONS INC.**

Court File No. 32-2853708

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

FASKEN MARTINEAU DuMOULIN LLP

Barristers and Solicitors
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto ON M5H 2T6

Dylan Chochla (LSO: 62137I)

dchochla@fasken.com

Tel: 416 868 3425

Lawyers for the Moving Party, iS5 Communications
Inc.

PERMITTED LIENS

	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
1.	785852595 PPSA	2	20220816 1537 5064 4829 Reg. 04 year(s)	IS5 COMMUNICATIONS INC.	VAULT CREDIT CORPORATION			X		X	
General Collateral Description: AC/DC/IR/GB HIPOT SAFETY TESTER, DESCRIBED IN AGREEMENT NUMBER 217019, TOGETHER WITH ALL GOODS OF EVERY NATURE OR KIND , WHICH AGREEMENT MAY BE ASSIGNED TO THE SECURED PARTY AND FINANCED BY THE SECURED PARTY, FINANCED BY THE SECURED PARTY TO THE DEBTOR AND AS AMENDED FROM TIME TO TIME, TOGETHER WITH ANY AND ALL PAST, PRESENT AND FUTURE ACQUIRED PARTS, ATTACHMENTS, ACCESSORIES, ACCESSIONS, ADDITIONS, SUBSTITUTIONS, IMPROVEMENTS, REPAIR AND REPLACEMENT PARTS AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN AND ANY AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL OR PROCEEDS THEREOF AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, INCLUDING ALL GOODS, SECURITIES, INSTRUMENTS DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT), RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENT AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.											
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
2.	779706666 PPSA	8	20220117 1204 6005 7407 Reg. 04 year(s)	IS5 COMMUNICATIONS INC.	CWB NATIONAL LEASING INC.			X			
General Collateral Description:											

		INSTALLED IN, AFFIXED TO, OR USED IN CONJUNCTION WITH THE EQUIPMENT OR SOFTWARE AND THE PROCEEDS THEREOF TOGETHER WITH ALL PAYMENTS, INSURANCE PROCEEDS, CREDITS OR REFUNDS OBTAINED BY LESSEE FROM A MANUFACTURER, LICENSOR OR SERVICE PROVIDER, OR OTHER PROCEEDS AND PAYMENTS DUE AND TO BECOME DUE AND ARISING FROM OR RELATING TO SUCH EQUIPMENT, SOFTWARE OR THE LEASE. IN THE EVENT LESSEE PURCHASES ANY SUCH EQUIPMENT OR SOFTWARE, THEN LESSEE, IN ACCORDANCE WITH THE PROVISIONS OF THE LEASE, HEREBY GRANTS TO LESSOR A FIRST PRIORITY SECURITY INTEREST IN ANY SUCH EQUIPMENT OR SOFTWARE PURCHASED UNTIL SUCH TIME AS LESSOR RECEIVES PAYMENT OF THE FULL PURCHASE PRICE FROM LESSEE.									
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
6.	766044945 PPSA	46	20200923 1450 2203 0358 Reg. 02 year(s)	IS5 COMMUNICATIONS INC. IS5 COMMUNICATIONS INC	INDCOM LEASING INC.			X		X	
General Collateral Description: SOFTWARE, TESTING, EVALUATION EQUIPMENT, IECEE CERTIFICATION TOGETHER WITH ALL ACCESSORIES, OPTIONAL EQUIPMENT, COMPONENTS, PARTS, INSTRUMENTS, APPURTENANCES, FURNISHINGS AND OTHER EQUIPMENT OF WHATEVER NATURE OR KIND IN CONNECTION WITH THEREFOR SAID EQUIPMENT.											
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
7.	763408296 PPSA	48	20200707 1030 6005 4093 Reg. 05 year(s)	IS5 COMMUNICATIONS INC.	CWB NATIONAL LEASING INC.			X			
General Collateral Description: ALL COMPUTER EQUIPMENT-FIXED, OFFICE FURNITURE, GAMING CHAIRS WITH RELATED COMPONENTS OF EVERY NATURE OR KIND DESCRIBED IN AGREEMENT NUMBER 3005283, BETWEEN CATALYST FINANCE PARTNERS INC., AS ORIGINAL SECURED PARTY AND THE DEBTOR, WHICH AGREEMENT WAS ASSIGNED BY THE ORIGINAL SECURED PARTY TO THE SECURED PARTY, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY OR INDIRECTLY THEREFROM.											
	File No.		Reg. No.	Debtor(s)	Secured Party	Collateral Class.					

		Enquiry Page No.				CG	I	E	A	O	MV
8.	758100006 PPSA	51	20191129 1602 2203 0086 Reg. 04 year(s)	IS5 COMMUNICATIONS INC. IS5 COMMUNICATIONS INC	INDCOM LEASING INC.	X				X	
		General Collateral Description: EMC TESTING EQUIPMENT WITH ALL ATTACHMENTS AND ACCESSORIES									
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
9.	758100969 PPSA	52	20191129 1625 1901 6977 Reg. 04 year(s)	IS5 COMMUNICATIONS INC.	BLUE CHIP LEASING CORPORATION			X		X	
		53	20191203 1606 1902 8127 A AMENDMENT	IS5 COMMUNICATIONS INC.							
		Reason for Amendment: AMEND DEBTOR FROM IS5 COMMUNICATIONS INC. 5895 AMBER DR MISSISSAUGA, ON, L4W5B7 TO IS5 COMMUNICATIONS INC. 5895 AMBLER DR MISSISSAUGA, ON, L4W5B7									
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
10.	757449954 PPSA	54	20191108 1713 1462 7719 Reg. 4 year(s)	IS5 COMMUNICATIONS INC.	VAULT CREDIT CORPORATION			X		X	

						Collateral Class.					
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	CG	I	E	A	O	MV
11.	754590942 PPSA	55	20190820 1433 8077 6213 Reg. 4 year(s)	IS5 COMMUNICATIONS INC.	RCAP LEASING INC.			X	X	X	
		No Fixed Maturity Date General Collateral Description: ALL COMPUTER EQUIPMENT FROM TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.									
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
12.	753395328 PPSA	58	20190716 1136 2203 9957 Reg. 04 year(s)	IS5 COMMUNICATIONS INC. IS5 COMMUNICATIONS INC	INDCOM LEASING INC	X		X		X	
		General Collateral Description: COMPUTER EQUIPMENT AND OFFICE FURNITURE TOGETHER WITH ALL ACCESSORIES, OPTIONAL EQUIPMENT, COMPONENTS, PARTS, INSTRUMENTS, APPURTENANCES, FURNISHINGS AND OTHER EQUIPMENT OF WHATEVER NATURE OR KIND IN CONNECTION WITH THEREFOR SAID EQUIPMENT.									
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV

13.	752424687 PPSA	60	20190618 1125 6005 1917 Reg. 05 year(s)	IS5 COMMUNICATIONS INC.	CWB NATIONAL LEASING INC.			X				
General Collateral Description: ALL COMPUTER EQUIPMENT, ADAPTOR CARDS, ADAPTERS, THINKPADS, DVD BURNERS, CASSETTES, PRINTERS, SCANNERS, LASER PRINTERS, THINKSTATIONS, DDR2, DDR4, EXTENDERS, TONERS, THINKCENTRES, AND LICENSING SUBSCRIPTIONS OF EVERY NATURE OR KIND DESCRIBED IN AGREEMENT NUMBER 2916700, BETWEEN SOFTCHOICE LP, AS ORIGINAL SECURED PARTY AND THE DEBTOR, WHICH AGREEMENT WAS ASSIGNED BY THE ORIGINAL SECURED PARTY TO THE SECURED PARTY, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS AND PROCEEDS OF ANY KIND DERIVED DIRECTLY OR INDIRECTLY THEREFROM.												
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
						CG	I	E	A	O	MV	
14.	751721958 PPSA	63	20190529 1526 1901 8999 Reg. 04 year(s)	IS5 COMMUNICATIONS INC.	GOULD LEASING LTD.			X				
		64	20190529 1704 1902 1348 A AMENDMENT	IS5 COMMUNICATIONS INC. IS5 COMMUNICATIONS INC.								
Reason for Amendment: AMEND DEBTOR FROM IS5 COMMUNICATIONS INC. 5895 AMBLER DRIVE MISSISSAUGA, ON, L4W5B7 TO IS5 COMMUNICATIONS INC. 5895 AMBLER DRIVE MISSISSAUGA, ON, L4W5B7												
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.						
						CG	I	E	A	O	MV	

		ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.									
		75	20190405 1033 8077 9061 A AMENDMENT	IS5 COMMUNICATIONS INC							
Reason for Amendment:											
AMEND DEBTOR'S ADDRESS AND AMEND THE GENERAL COLLATERAL DESCRIPTION General Collateral Description:											
ALL COMPUTER EQUIPMENT AND SIGNAGE EQUIPMENT AND COMPUTER PERIPHERALS FROM TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.											
	File No.	Enquiry Page No.	Reg. No.	Debtor(s)	Secured Party	Collateral Class.					
						CG	I	E	A	O	MV
18.	748756494 PPSA	81	20190304 1128 6005 9051 Reg. 05 year(s)	IS5 COMMUNICATIONS INC.	CWB NATIONAL LEASING INC.			X			
General Collateral Description:											
ALL COMPUTER EQUIPMENT, COMPUTER SOFTWARE OF EVERY NATURE OR KIND DESCRIBED IN AGREEMENT NUMBER 2914527, BETWEEN THE SECURED PARTY AND THE DEBTOR, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS.											

SCHEDULE 1.1(c)
SALE PROCEDURE

See attached.

SALE AND INVESTOR SOLICITATION PROCESS

On August 5, 2022, iS5 Communications Inc. (the “**Company**”) filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) with the Office of the Superintendent of Bankruptcy. Grant Thornton Limited was appointed as proposal trustee (in such capacity, the “**Proposal Trustee**”).

It is anticipated that on October 17, 2022, the Company will apply to Court for an Order, which, among other things: (a) approves this sale and investor solicitation process (the “**SISP**”), and (b) authorizes the execution by the Company of the stalking horse agreement of purchase and sale between the Company and the Stalking Horse Bidder (as defined below) (the “**Stalking Horse Agreement**”) as the stalking horse bid for the purpose of conducting the SISP.

The purpose of the SISP is to identify one or more financiers, purchasers of and/or investors in the Company, the Business and/or Assets (each as defined below) to make an offer (each a “**Bid**”) that is superior to the offer contemplated by the Stalking Horse Agreement, and to complete the transactions contemplated by any such offer, or by the Stalking Horse Agreement if no other offers are accepted. Set forth below are the procedures (the “**SISP Procedures**”) that shall govern the SISP and any transactions consummated as a result thereof.

1. Defined Terms

The following capitalized terms have the following meanings when used in this SISP:

“**2020 Noteholders**” means collectively, BDC Capital Inc., ClearSky Power & Technology Fund II LLC, ClearSky Security Fund I LLC, Phoenix Contact Venture Funds I GmbH, Cao Yang, and Coutinho Family Trust;

“**2020 Notes**” means the secured convertible promissory notes issued to the 2020 Noteholders in the aggregate amount of CAD \$6,055,000 on November 19, 2020;

“**2021 Noteholders**” means collectively, ClearSky Power & Technology Fund II LLC, ClearSky Security Fund I LLC, Phoenix Contact Venture Funds I GmbH, Cao Yang, Clive Dias, and Artemis Capital Limited;

“**2021 Notes**” means the secured convertible promissory notes issued to the 2021 Noteholders in the aggregate amount of CAD \$3,820,000 on August 17, 2021;

“**Acknowledgment of the SISP**” means an acknowledgment of the SISP in the form attached as Schedule “A” hereto;

“**Additional Confidential Information**” means commercially sensitive information with respect to the Company, the Business and/or Assets, which may include copies of material customer and vendor agreements, details of the equity and capital structure of the Business, and meetings with management and key employees;

“Aggregate Bid” means a combination of Portion Bids that do not overlap for Assets sought to be purchased, and which, when totalled, equal or exceed the Minimum Bid Amount;

“Assets” means the assets, undertakings and property of the Company;

“Auction” has the meaning given to it in Section 15;

“Auction Procedure” has the meaning given to it in Section 15;

“Back-Up Bid Expiration Date” has the meaning given to it in Section 18;

“Back-Up Bid” has the meaning given to it in Section 15;

“Back-Up Bidder” has the meaning given to it in Section 15;

“BIA” has the meaning given to it in the introduction;

“Bid” has the meaning given to it in the introduction;

“Business” means the business carried on by the Company, which consists primarily of providing integrated services and information technology solutions to clients, and manufacturing intelligent industrial ethernet products designed to meet the stringent demand requirements of utility sub-stations, roadside transportation, rail, and industrial applications;

“Business Day” means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario, on which commercial banks in Toronto, Ontario are open for business;

“Company” has the meaning given to it in the introduction;

“Confidentiality Agreement” means the confidentiality agreement, with terms satisfactory to the Proposal Trustee and the Company, entered into between the Company and an Interested Party;

“Court” has the meaning given to it in the introduction;

“Data Room” means an electronic data room created and maintained by the Company containing confidential information in respect of the Company, the Business and the Assets, but does not contain the Additional Confidential Information.

“Deposit” has the meaning given to it in Section 14(e);

“DIP Lender” means Phoenix Contact Venture Funds I GmbH;

“DIP Term Sheet” means the debtor-in-possession financing term sheet dated August 5, 2022 between iS5 Communications Inc., as borrower, and the DIP Lender, as lender;

“Form Purchase Agreement” means the template agreement of purchase and sale posted in the Data Room substantially in the form of the Stalking Horse Agreement;

“Guaranteed Purchase Price” has the meaning given to it in the Stalking Horse Agreement;

“Interested Party” has the meaning given to it in Section 2;

“Investment Proposal” has the meaning given to it in Section 9;

“Known Potential Bidders” has the meaning give to it in Section 5(a);

“Management” has the meaning given to it in Section 4;

“Minimum Bid Amount” means in the case of a Sale Proposal or Investment Proposal, an overall result or value which the Company, in consultation with the Proposal Trustee, considers to be greater than the Guaranteed Purchase Price by at least USD \$350,000;

“Notes” means together, the 2020 Notes and the 2021 Notes;

“Notice” has the meaning given to it in Section 5(b);

“Outside Date” means December 23, 2022, or such other date as the Company, the Proposal Trustee, and the Successful Bidder(s) or the Back-Up Bidder, if applicable, may agree, acting reasonably;

“Participation Notice” has the meaning given to it in Section 4;

“Phase I Bid” means an initial non-binding Bid submitted by an Interested Party pursuant to Section 9 hereof;

“Phase I Bid Deadline” has the meaning given to it in Section 9 hereof;

“Phase I Bidder” means a bidder submitting a Phase I Bid;

“Phase I Deposit” has the meaning given to it in Section 11(i);

“Phase I Participant Requirements” has the meaning given to it in Section 10 hereof;

“Phase II Bid” means a binding unconditional Bid submitted by a Qualified Phase I Bidder;

“Phase II Bidder” means a bidder submitting a Phase II Bid;

“Phase II Bid Deadline” has the meaning given to it in Section 9;

“Portion Bid” means a Bid for less than all, or substantially all of the Assets, that is otherwise a Qualified Phase I Bid or a Qualified Phase II Bid;

“Portion Bidder” means a Qualified Phase I Bidder and/or a Qualified Phase II Bidder that submits a Portion Bid;

“Proposal Trustee” has the meaning given to in the introduction;

“Purchase Price” has the meaning given to it in Section 11(a)(i);

“Qualified Phase I Bid” means a Phase I Bid that satisfies the conditions set out in Section 11 hereof. For greater certainty, a Portion Bid may be a Qualified Phase I Bid if it forms part of an Aggregate Bid;

“Qualified Phase I Bidder” means a bidder submitting a Qualified Phase I Bid;

“Qualified Phase II Bid” means a Phase II Bid that satisfies the conditions set out in Section 14 hereof. For greater certainty, a Portion Bid may be a Qualified Phase II Bid if it forms part of an Aggregate Bid;

“Qualified Phase II Bidder” means bidder submitting a Qualified Phase II Bid;

“Qualified Investment Bid” is an Investment Proposal that is determined to be a Qualified Phase II Bid by the Company and the Proposal Trustee pursuant to Section 14;

“Qualified Sale Bid” is a Sale Proposal that is determined to be a Qualified Phase II Bid by the Company and the Proposal Trustee pursuant to Section 14;

“Sale Proposal” has the meaning given to it in Section 9;

“Secured Lenders” means Silicon Valley Bank and the holders of the Company’s secured notes;

“SISP” has the meaning given to it in the introduction;

“SISP Procedures” has the meaning given to it in the introduction;

“Stalking Horse Agreement” has the meaning given to it in the introduction;

“Stalking Horse Bidder” means Elektrophoenix GmbH, or an affiliate thereof;

“Successful Bid” has the meaning given to it in Section 15;

“Successful Bidder” has the meaning given to it in Section 15;

“SVB” means Silicon Valley Bank; and

“Teaser Letter” has the meaning given to it in Section 5(c).

2. **The SISP Procedures**

The SISP shall consist of two phases. In the first phase, any interested party (an “Interested Party”) that meets the preliminary participant requirements set out herein, including having executed a Confidentiality Agreement and an Acknowledgment of the SISP, shall be provided with access to the Data Room in order to prepare and submit a Phase I Bid by the Phase I Bid Deadline. Phase I Bidders that are determined by the Company, in consultation with the Proposal Trustee, to be Qualified Phase I Bidders shall be invited to participate in the second phase wherein they will be given access to the Additional Confidential Information in order to complete diligence prior to submitting a Phase II Bid by the Phase II Bid Deadline.

The Company, in consultation with the Proposal Trustee, shall supervise the SISP Procedures and each will generally consult with the other in respect of all matters arising out of these SISP Procedures. The Proposal Trustee shall direct and preside over the Auction, if applicable. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have the jurisdiction to hear and resolve such dispute.

3. **“As Is, Where Is”**

The sale of the Business or all or any part of the Assets or an investment in the Company will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Company, the Proposal Trustee or any of their employees, officers, directors, agents or advisors, except to the extent set forth in the relevant definitive Sale Proposal or Investment Proposal agreement, as applicable, with a Successful Bidder.

By participating in this process, each Interested Party is deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business, the Assets or the Company prior to making its Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or regarding the Business, the Assets or the Company in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business, the Assets or the Company or the completeness of any information provided in connection therewith, except as expressly stated in the terms of any definitive transaction documents.

4. **Timeline**

The following table sets out the key milestones under the SISP:

Milestone	Deadline
Commencement of SISP	October 17, 2022
Distribution of the Notice, Teaser Letter Confidentiality Agreement and Acknowledgement of SISP	October 21, 2022
Phase I Bid Deadline (5:00 PM (Eastern Time))	November 16, 2022
Phase II Bid Deadline (5:00 PM (Eastern Time))	December 1, 2022
Selection of Successful Bid(s), Back-Up Bid(s), or Notification of Auction (if any)	December 2, 2022
Auction (if any)	December 5, 2022
Sale Approval Hearing	As soon as practicable
Closing Date Deadline	December 23, 2022

5. **Solicitation of Interest**

As soon as is reasonably practicable and, in any event, by no later than October 21, 2022:

- (a) the Company and the Proposal Trustee will prepare a list of potential bidders, including (i) parties that have approached the Company or the Proposal Trustee indicating an interest in the opportunity; and (ii) strategic parties who the Company and the Proposal Trustee believe may be interested in purchasing all or part of the Business and Assets, or investing in the Company, pursuant to the SISP (“**Known Potential Bidders**”);
- (b) the Proposal Trustee, with the assistance of the Company, will cause a notice of the SISP (and such other relevant information that the Company, in consultation with the Proposal Trustee, considers appropriate (the “**Notice**”) to be published in *The Globe and Mail* (National Edition) and *Insolvency Insider* and any other newspaper, journal or industry publication as the Company and the Proposal Trustee considers appropriate, if any; and
- (c) the Company and the Proposal Trustee will prepare: (i) a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the process under the

SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISF; a (ii) Confidentiality Agreement; and (iii) an Acknowledgement of the SISF, in each case in form and substance satisfactory to the Company and the Proposal Trustee.

The Proposal Trustee, with the assistance of the Company will publish the Notice and send the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISF to all Known Potential Bidders by no later than October 21, 2022, and to any other party who requests a copy of the Teaser Letter, Confidentiality Agreement, and Acknowledgement of the SISF, or who is identified to the Company or the Proposal Trustee as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable

6. Role of Management of the Company

In the event that any party or parties that are associated with the Board of Directors or management of the Company (collectively, “**Management**”) intends to submit a Bid pursuant to the SISF, any such party or parties must advise the Proposal Trustee of such intention in writing by November 1, 2022 (the “**Participation Notice**”). Upon receipt of a Participation Notice, such party or parties will be excluded from any participation in the SISF that might create an unfair advantage or jeopardize the integrity of the SISF, and any such party or parties delivering a Participation Notice will be subject to the SISF Procedures as an Interested Party. For greater certainty, Marcus Boker, a Senior Director of the Stalking Horse Bidder and a Director of the Company shall be excluded from participating in the SISF without the requirement of delivering a Participation Notice.

7. Role of the Proposal Trustee

The Proposal Trustee’s responsibilities pursuant to the SISF include:

- (a) consulting with the Company in connection with the bidding procedures included in this SISF and the closing of the transaction contemplated in the Successful Bid(s);
- (b) overseeing the SISF Procedures;
- (c) reporting to the Court in connection with the SISF Procedures, including the bidding procedures described in this SISF, and the closing of the transaction contemplated in the Successful Bid(s);
- (d) conducting an Auction, if necessary, in accordance with the Auction Procedures attached hereto as Schedule “C”; and
- (e) assisting the Company to facilitate information requests, including assisting the Company in preparing or modifying financial information to assist with the bidding procedures described in this SISF and the closing of the transaction contemplated in the Successful Bid(s) (including the Stalking Horse Agreement).

8. **Access to Due Diligence Materials**

Only Interested Parties that satisfy the Phase I Participant Requirements will be eligible to receive access to the Data Room. If the Company, in consultation with the Proposal Trustee, determines that a Phase I Bidder does not constitute a Qualified Phase I Bidder, then such Phase I Bidder shall not be eligible to receive the Additional Confidential Information. For greater certainty, the Data Room shall not contain the Additional Confidential Information and the Company shall provide the Additional Confidential Information to a Qualified Phase I Bidder by alternative means.

The Company, with the assistance of the Proposal Trustee, will be responsible for the coordination of all reasonable requests for additional information and due diligence access from Interested Parties. Neither the Company nor the Proposal Trustee shall be obligated to furnish any due diligence information after the Phase I Bid Deadline other than the Additional Confidential Information to Qualified Phase I Bidders before the Phase II Bid Deadline. Neither the Company nor the Proposal Trustee shall be obligated to furnish any due diligence information after the Phase II Bid Deadline, provided however that the Company and the Proposal Trustee may, but are not obligated to, provide further information including, without limitation, financial information to the Successful Bidder (including the Stalking Horse Bidder). Neither the Company nor the Proposal Trustee is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the sale of the Assets and the Business, or an investment in the Company. If the Company provides additional information and due diligence to an Interested Party that was not previously provided to the Stalking Horse Bidder, the Company shall concurrently provide such additional information to the Stalking Horse Bidder or notify the Stalking Horse Bidder that such information is available in the Data Room.

9. **Bid Deadlines**

An Interested Party that wishes to make a Bid to: (a) acquire the Business or all, substantially all or any part of the Assets, including any offer to acquire some or all of the Company's software, intellectual property, manufacturing equipment, accounts receivable and furniture, fixtures and equipment (a "**Sale Proposal**"), or (b) make an investment in the Company by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors or security holders (an "**Investment Proposal**"), must deliver an executed copy of a Phase I Bid to the Proposal Trustee, at the address specified in Schedule "B" hereto (including by email) so as to be received by it **not later than 5:00 p.m. (Eastern Time) on November 16, 2022**, or such other later date or time as may be agreed by the Company and the Proposal Trustee (the "**Phase I Bid Deadline**").

All Phase II Bids must be submitted to the Proposal Trustee, at the address specified in Schedule "B" hereto (including by email) so as to be received by it **not later than 5:00 p.m. (Eastern Time) on December 1, 2022**, or such other later date or time as may be agreed by the Company and the Proposal Trustee (the "**Phase II Bid Deadline**").

PHASE I – NON BINDING BIDS

10. Phase I Participant Requirements.

To participate in Phase I of the SISP and to otherwise be considered for any purpose hereunder, each Interested Party must provide the Company with an executed copy of each of the following prior to being provided with access to the Data Room: (i) a Confidentiality Agreement; and (ii) an Acknowledgement of the SISP (collectively, the “**Phase I Participant Requirements**”).

11. Qualified Phase I Bids

Only Qualified Phase I Bidders shall be allowed to participate in Phase II of the SISP and be eligible to receive the Additional Confidential Information.

In order for the Company to determine whether an Interested Party is a Qualified Phase I Bidder, the Interested Party must provide, in form and substance satisfactory to the Company, in consultation with the Proposal Trustee, each of the following on or before the Phase I Bid Deadline:

- (a) Non- Binding Letter of Intent Describing the Phase 1 Bid: A non-binding letter of intent describing the material terms of the Phase I Bid which includes the following information:
 - (i) Sale Proposal: in the case of a Sale Proposal, the material terms and conditions of the proposed transaction, including identification of the Business or the Assets proposed to be acquired, the obligations to be assumed, the purchase price for the Business or Assets proposed to be acquired (the “**Purchase Price**”), and the structure and financing of the proposed transaction; and
 - (ii) Investment Proposal: in the case of an Investment Proposal, the material terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the *pro forma* capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Company, and the debt, equity, or other securities, if any, proposed to be allocated to creditors of the Company;
- (b) Purchase Price: Evidence that the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) under the Phase I Bid or Aggregate Bid shall be an amount greater than the Minimum Bid Amount (a “**Superior Offer**”); provided that any Portion Bidder shall not be subject to the Minimum Bid Amount except to the extent that it forms an Aggregate Bid. For greater certainty, any Phase I Bid must provide for payment in full in cash on

closing in an amount sufficient to satisfy all indebtedness, fees, and expenses owed by the Company to the DIP Lender in accordance with the DIP Term Sheet;

- (c) Proof of Financial Ability to Perform: Written evidence upon which the Company and the Proposal Trustee may reasonably conclude that the Interested Party has the necessary financial ability to close the contemplated transaction on or before the Outside Date and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction. Such information should include, among other things, the following:
 - (i) evidence of the Interested Party's internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction;
 - (ii) contact names and phone numbers for verification of financing sources; and
 - (iii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Company and the Proposal Trustee demonstrating that such Interested Party has the ability to close the contemplated transaction;
- (d) Outstanding Due Diligence: a description of any additional due diligence required to be conducted in order to submit a Qualified Phase II Bid;
- (e) Identification: Full written disclosure of the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the Phase I Bid, including whether any prior or current member of the Company's board, management, any employee or consultant to the Company or any creditor) or shareholder of the Company is involved in any way with the Phase I Bid or assisted with the Phase I Bid, and the complete terms of any such participation as well as evidence of corporate authority to sponsor or participate in the Phase I Bid;
- (f) Acknowledgment: An acknowledgement and representation that the Interested Party: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Company, the Business and/or the Assets to be acquired, or the liabilities to be assumed in making its Phase I Bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Company, the Proposal Trustee or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Company, the Business, the Assets to be acquired, or the liabilities to be assumed, or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents;

- (g) Authorization: Evidence, in form and substance reasonably satisfactory to the Company and the Proposal Trustee, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution and delivery of the Phase I Bid, and identification of any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (h) Break or Termination Fee: Evidence that it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;
- (i) Deposit: A cash deposit (the "**Phase I Deposit**") in an amount equal to 5% of the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) that shall be paid to the Proposal Trustee in trust, which Phase I Deposit shall be held and dealt with in accordance with these SISP Procedures;
- (j) Employees: If applicable, the proposed number of employees of the Company who are expected to become employees of the Phase I Bidder if determined to be the Successful Bidder;
- (k) Other: Such other information as may reasonably be requested by the Company or the Proposal Trustee; and
- (l) Phase I Bid Deadline: It is received by the Proposal Trustee, at the address specified in Schedule "B" hereto (including by email) on or before the Phase I Bid Deadline.

The Company and with the approval of the Proposal Trustee, may waive any one or more minor and non-material violations of the requirements specified for Qualified Phase I Bids and deem such non-compliant Bids to be Qualified Phase I Bids.

12. Evaluation of Qualified Phase I Bids and Designation as Qualified Phase I Bidder

The Company, in consultation with the Proposal Trustee, shall evaluate Qualified Phase I Bids on various grounds including, but not limited to, the Purchase Price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the certainty of closing the transactions contemplated by the Phase I Bid on or before the Outside Date and any delay or other risks (including closing risks) in connection with the Qualified Phase I Bids.

The Company, with the approval of the Proposal Trustee, shall have the option, in its discretion, to aggregate Portion Bids into an Aggregate Bid.

The Company shall be under no obligation to accept the highest or best offer or any offer (other than the offer contained in the Stalking Horse Agreement if no other higher or better offer is accepted).

As soon as practicable after the Phase I Bid Deadline, the Company, in consultation with the Proposal Trustee, will advise an Interested Party whether or not its Phase I Bid constitutes a Qualified Phase I Bid and that it is a Qualified Phase I Bidder and, if such Phase I Bidder is a Qualified Phase I Bidder, that it is invited to participate in Phase II of the SISP.

For certainty, the Stalking Horse Agreement is a Qualified Phase I Bid and the Stalking Horse Bidder is a Qualified Phase I Bidder for all purposes of these SISP Procedures.

13. No Qualified Phase I Bids

If no Qualified Phase I Bid other than the Bid pursuant to the Stalking Horse Agreement is received by the Phase I Bid Deadline, the Stalking Horse Bidder shall be declared the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

PHASE II – BINDING BIDS

14. Qualified Phase II Bid Requirements

Only Qualified Phase I Bidders shall be entitled to submit a Phase II Bid. In order to be considered a Qualified Phase II Bid, as determined by the Company, in consultation with the Proposal Trustee: (i) a Phase II Bid must satisfy all of the requirements for a Qualified Phase I Bid contained in Section 11, provided, however, that the Phase I Bid Deadline shall not apply, and; (ii) the Qualified Phase I Bidder must also submit the following, in form and substance satisfactory to the Company, in consultation with the Proposal Trustee, on or before the Phase II Bid Deadline:

- (a) Irrevocable Bid: A cover letter stating that the Phase II Bid is irrevocable until Court approval of the Successful Bid(s), provided that if such Phase II Bidder is selected as the Successful Bidder or the Back-Up Bidder, its Phase II Bid shall remain irrevocable until the Back-Up Bid Expiration Date (as defined below), which includes:
 - (i) Sale Proposal: in the case of a Sale Proposal, a duly authorized and executed definitive purchase agreement together with all completed schedules thereto substantially in the form of the Form Purchase Agreement, together with a blackline comparing the purchase agreement submitted to the Form Purchase Agreement which includes all or substantially all of the terms set out in the non-binding letter of intent submitted in Phase I; and
 - (ii) Investment Proposal: in the case of an Investment Proposal, a duly authorized and executed binding term sheet which includes all or substantially all of the terms set out in the non-binding investment proposal submitted in Phase I;

- (b) Unconditional Bid: Evidence that it is not conditioned on: (i) the outcome of unperformed due diligence including the review of any Additional Confidential Information; (ii) obtaining financing; and/or (iii) any other material closing conditions;
- (c) Acknowledgment: An acknowledgement and representation that the Phase II Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Company, the Business and/or the Assets to be acquired, or liabilities to be assumed in making its Phase II Bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Company, the Proposal Trustee or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Company, the Business, the Assets to be acquired, liabilities to be assumed, or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents;
- (d) Authorization: Evidence, in form and substance reasonably satisfactory to the Company and the Proposal Trustee, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase II Bid, and confirmation that any other required approvals have been obtained;
- (e) Deposit: A cash deposit (the "**Deposit**") which, in combination with the Phase I Deposit, shall be in an amount not less than 10% of the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) that shall be paid to the Proposal Trustee in trust, which Deposit shall be held and dealt with in accordance with these SISP Procedures;
- (f) Employees: If applicable, full details of the proposed number of employees of the Company who will become employees of the Phase II Bidder if determined to be the Successful Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (g) Other: Such other information as may reasonably be requested by the Company or the Proposal Trustee; and
- (h) Phase II Bid Deadline: It is received by the Proposal Trustee, at the address specified in Schedule "B" hereto (including by email) on or before the Phase II Bid Deadline.

15. Evaluation of Qualified Phase II Bids and Subsequent Actions

The Company, in consultation with the Proposal Trustee, shall evaluate Qualified Phase II Bids on various grounds including, but not limited to, the Purchase Price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in

each case, as applicable), the assumed liabilities, the certainty of closing the transactions contemplated by the Qualified Phase II Bid on or before the Outside Date and any delay or other risks (including closing risks) in connection with the Qualified Phase II Bids.

For certainty, the Stalking Horse Agreement is a Qualified Phase II Bid and the Stalking Horse Bidder is a Qualified Phase II Bidder for all purposes of these SISP Procedures.

Following such evaluation, the Company, with the approval of the Proposal Trustee, shall:

- (a) identify if any Qualified Phase II Bid is a Superior Offer; and
- (b) if one or more Qualified Phase II Bids are considered to be a Superior Offer, each Qualified Phase II Bidder presenting a Superior Offer shall proceed to an auction (the “**Auction**”) with the Stalking Horse Bidder in accordance with the procedures set out in the attached Schedule “C” (the “**Auction Procedure**”) to identify the “**Successful Bid**”, and the Qualified Phase II Bidder making such Successful Bid, the “**Successful Bidder**”. The determination of any Successful Bid by the Company, in consultation with the Proposal Trustee, shall be subject to approval by the Court.

The Company, with the approval of the Proposal Trustee, shall have the option to aggregate Portion Bids into an Aggregate Bid. Notwithstanding anything to the contrary herein, the Company, with the approval of the Proposal Trustee, shall be permitted to include Qualified Investment Bids or Qualified Sale Bids in the Auction, including to the extent such Qualified Phase II Bids are Portion Bids, provided that such Qualified Investment Bids or Qualified Sale Bids constitute a Superior Offer.

Following the selection of the Successful Bid, the Company shall take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid(s) with the Successful Bidder(s).

The Company may conditionally accept one or more (if for distinct and compatible transactions that are Portion Bids) Qualified Phase II Bids, which acceptance will be conditional upon the failure of the transaction(s) contemplated by the Successful Bid to close (the “**Back-up Bid**” and Qualified Phase II Bidder making such Back-up Bid being the “**Back-Up Bidder**”).

The Company shall be under no obligation to accept the highest or best offer or any offer (other than the offer contained in the Stalking Horse Agreement if no Superior Offer is accepted) or to select any Successful Bidder(s) and any Back-Up Bidder(s). For greater certainty, any accepted offer, whether at the Auction or otherwise, must constitute a Superior Offer.

As soon as reasonably practicable and by no later than December 2, 2022, the Company shall advise the Qualified Phase II Bidders if Successful Bid(s) and Back-Up Bid(s) have been accepted, or conditionally accepted, as the case may be. If the Company determines it is necessary to conduct an Auction pursuant to the SISP Procedures, the Company or

the Proposal Trustee will advise the Qualified Phase II Bidders of the date, time, location and the rules (if any) of the Auction in accordance with the Auction Procedure.

16. No Qualified Phase II Bids

If no Superior Offer is received by the Phase II Bid Deadline, the Auction will not be held, and the Stalking Horse Bidder will be declared to be the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

APPROVAL MOTION

17. Approval Motion

The Company shall use reasonable efforts to make a motion to the Court to approve the Successful Bid(s) and Back-Up Bid(s) as soon as practicable following the determination by it and the Proposal Trustee of the Successful Bidder(s). The Company will be deemed to have accepted the Successful Bid(s) only when it has been approved by the Court. All Qualified Phase II Bids (other than the Successful Bid(s) and the Back-Up Bid(s)) shall be deemed rejected by the Company on and as of the date of approval of the Successful Bid(s) by the Court.

18. Back-Up Bidder

If a Successful Bidder fails to close the transaction contemplated by the Successful Bid(s) on or before the Outside Date for any reason, then the Company will be deemed to have accepted the Back-Up Bid(s) and will proceed with the transaction pursuant to the terms thereof. The Back-Up Bid(s) shall remain open for acceptance until the closing of the Successful Bid(s), or such other later date as the Company and the Back-Up Bidder may agree, acting reasonably (the “**Back-Up Bid Expiration Date**”).

MISCELLANEOUS

19. Information From Interested Parties

Each Interested Party shall comply with all reasonable requests for additional information by the Company or the Proposal Trustee regarding such Interested Party and its contemplated transaction. Failure by an Interested Party to comply with requests for additional information will be a basis for the Company to determine that the Interested Party is not a Qualified Phase I Bidder or a Qualified Phase II Bidder, as applicable.

20. Deposits

All Deposits shall be held by the Proposal Trustee in a single interest bearing account designated solely for such purpose. A Deposit paid by a Successful Bidder shall be dealt with in accordance with the definitive documents for the transactions contemplated by the Successful Bid. Deposits, and any interest earned thereon, paid by Phase I Bidders not selected as either a Qualified Phase I Bidder or a Qualified Phase II Bidder shall be returned to such Phase I Bidder within three Business Days of being advised that it is not a Qualified Phase I Bidder or a Qualified Phase II Bidder, as the case may be. Deposits,

and any interest thereon, paid by Qualified Phase II Bidders not selected as either a Successful Bidder or a Back-Up Bidder shall be returned to such Qualified Phase II Bidders within three Business Days of Court approval of the Successful Bid. In the case of Back-Up Bid(s), the Deposit and any interest earned thereon shall be retained by the Proposal Trustee until the Back-Up Bid Expiration Date and returned to the Back-Up Bidder within three Business Days thereafter or, if a Back-Up Bid becomes a Successful Bid, shall be dealt with in accordance with the definitive documents for the Back-Up Bid.

21. Modifications and Termination

The Company, in consultation with the Proposal Trustee, shall have the right to adopt such other rules for the SISP Procedures (including rules that may depart from those set forth herein) that will better promote the sale of the Business or all or any part of the Assets or investment in the Company under these SISP Procedures. The Company, in consultation with the Proposal Trustee, shall apply to the Court if it wishes to materially modify or terminate the process set out in these SISP Procedures. For certainty, any amendments to the Phase I Bid Deadline or the Phase II Deadline or other dates set out in these SISP Procedures, including those relating to the Auction, shall not constitute a material modification, provided that any extensions to the Phase I Bid Deadline or the Phase II Deadline are not longer than seven calendar days.

22. Consultation with the Secured Lenders

The Company, in consultation with the Proposal Trustee, shall, as appropriate, consult with SVB throughout the SISP; provided that, SVB shall not be permitted to participate in the SISP.

23. Credit Bids

Any holder of Notes is permitted to credit bid the amount outstanding under the Notes that it holds in partial satisfaction of the Purchase Price provided that: (i) the amount owing to any party with a claim against the Company in priority to the Notes; and (ii) the amount outstanding under all of the Notes, which each rank *parri passu*, is paid in cash or assumed by the Purchaser with the consent of such party.

24. Other

Neither the Company nor the Proposal Trustee shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the SISP arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid(s) and Back-Up Bid(s). Any such claim shall be the sole liability of the parties that submitted such Successful Bid(s) and Back-Up Bid(s).

Neither the Company nor the Proposal Trustee shall have any liability whatsoever to any person or party, including without limitation, to any Potential Bidder, Phase 1 Bidder, Phase 2 Bidder, a Successful Bidder or Back-Up Bidder, or any creditor, or other stakeholder, for any act or omission related to this SISP. By submitting a Bid, each

Interested Party shall be deemed to have agreed that it has no claim against the Company or the Proposal Trustee for any reason, matter or thing whatsoever related to this SISP.

SCHEDULE “A”

Acknowledgement of the SISP

The undersigned hereby acknowledges receipt of the Sale and Investor Solicitation Process approved by the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) dated October 17, 2022 (the “**SISP**”) and that compliance with the terms and provisions of the SISP is required in order to participate in the SISP and for any Bids to be considered by the Company.

This ____ day of _____, 2022.

[NAME]

By:

[Signing Officer]

**SCHEDULE “B”
ADDRESS PARTICULARS**

Grant Thornton Limited

11th Floor, 200 King Street West
Toronto, ON M5H 3T4

Attention: Jason Kanji
Phone: 416.777.6136
Fax: 416.360.4949
Email: jason.kanji@ca.gt.com

SCHEDULE "C" AUCTION PROCEDURES

Auction

1. If the Company, with the approval of the Proposal Trustee, determines to conduct an Auction pursuant to the SISP Procedures, the Company or the Proposal Trustee will notify the Qualified Phase II Bidders (including the Stalking Horse Bidder) who made a Qualified Phase II Bid that the Auction will be held virtually at 9:00 a.m. (Eastern Time) on a date that is determined by the Company or the Proposal Trustee, provided that it is a date that is not later than two Business Days after the Phase II Bid Deadline, or such other place, date and time as the Company or the Proposal Trustee may advise. Capitalized terms used but not defined herein have the meaning given to them in the SISP Procedures.

The Auction shall be conducted in accordance with the following procedures:

- (a) Participation At the Auction. Only a Qualified Phase II Bidder is eligible to participate in the Auction. Each Qualified Phase II Bidder must inform the Company and the Proposal Trustee whether it intends to participate in the Auction no later than 12:00 p.m. (Eastern Time) on the Business Day prior to the Auction. Only the authorized representatives of each of the Qualified Phase II Bidders, the Proposal Trustee and the Company, and their respective counsel and other advisors, and any other parties acceptable to the Company in consultation with the Proposal Trustee, shall be permitted to attend the Auction.
- (b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The highest Qualified Phase II Bid at the beginning of the Auction shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the "**Opening Bid**" for the following round. In each round, a Qualified Phase II Bidder may submit no more than one Overbid. Only a Qualified Phase II Bidder who bids in a round (including the Qualified Phase II Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction. For greater certainty, an Aggregate Bid may be determined to be the Opening Bid for any round including the opening round.
- (c) Proposal Trustee Shall Conduct the Auction. The Proposal Trustee and its advisors shall direct and preside over the Auction. At the start of the Auction, the Proposal Trustee shall provide the terms of the Opening Bid to all participating Qualified Phase II Bidders at the Auction. The determination of which Qualified Phase II Bid constitutes the Opening Bid for each round shall take into account any factors that the Proposal Trustee reasonably deems relevant to the value of the Qualified Phase II Bid, including, among other things, the following: (i) the amount and nature of the consideration, including the value of any non-cash consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Proposal Trustee's reasonable assessment of the certainty of the Qualified Phase II Bidder to close the proposed

transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the impact of the contemplated transaction on any actual or potential litigation; (vi) the net economic effect of any changes from the Opening Bid of the previous round; (vii) the net after-tax consideration to be received by the Company; and (viii) such other considerations as the Proposal Trustee deems relevant in its reasonable business judgment (collectively, the “**Bid Assessment Criteria**”). For greater certainty, the Proposal Trustee may ascribe monetary values to non-monetary terms in Overbids for the purposes of assessing and valuing such Overbids, including without limitation, the value to be ascribed to any liabilities or contracts to be assumed. All Bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Phase II Bidders that are participating in the Auction. The Proposal Trustee shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction, including the Successful Bid and the Back-Up Bid.

- (d) Terms of Overbids. An “**Overbid**” is any Bid made at the Auction subsequent to the Proposal Trustee’s announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Phase II Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment:* Any Overbid shall be made in such increments as the Proposal Trustee may determine in order to facilitate the Auction (the “**Minimum Overbid Increment**”). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time plus any additional Minimum Overbid Increments. In respect of the Stalking Horse Agreement and any Overbid by the Stalking Horse Purchaser, the value shall include the amount of any indebtedness owing to it that is to be deemed repaid or otherwise released and any priority indebtedness to be assumed pursuant to and in accordance with the terms of the Stalking Horse Agreement.
 - (ii) *The Bid Requirements same as for Qualified Phase II Bids:* Except as modified herein, an Overbid must comply with the bid requirements contained herein, provided, however, that the Phase II Bid Deadline shall not apply. Any Overbid made by a Qualified Phase II Bidder must provide that it remains irrevocable and binding on the Qualified Phase II Bidder and open for acceptance until the closing of the Successful Bid(s).
 - (iii) *Announcing Overbids:* At the end of each round of bidding, the Proposal Trustee shall announce the identity of the Qualified Phase II Bidder and the material terms of the then highest and/or best Overbid, including the nature of the proposed transaction contemplated by the best Overbid, the assets proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total consideration offered in such Overbid, and the resulting benefit to the Company based on, among other

things, the Bid Assessment Criteria. For greater certainty, an Aggregate Bid may be determined to be the highest and/or best Overbid.

- (iv) *Consideration of Overbids:* The Proposal Trustee reserves the right, in consultation with the Company, to make one or more adjournments in the Auction to, among other things: (A) facilitate discussions between the Company and individual Qualified Phase II Bidders; (B) allow individual Qualified Phase II Bidders to consider how they wish to proceed; (C) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (D) give Qualified Phase II Bidders the opportunity to provide the Proposal Trustee with such additional evidence as it, or the Company, may require, that the Qualified Phase II Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Proposal Trustee and Company may have clarifying discussions with a Qualified Phase II Bidder, and the Proposal Trustee may allow a Qualified Phase II Bidder to make technical clarifying changes to its Overbid following such discussions.
- (v) *Portion Bids:* Notwithstanding the forgoing, each Portion Bidder entitled to participate in the Auction shall be entitled to submit an Overbid (in a minimum increment to be determined by the Proposal Trustee) with respect to the Assets on which it is bidding without being required to submit an Overbid with respect to all Assets or the applicable Opening Bid; provided that any Aggregate Bid that is an Overbid shall be subject to these Auction procedures as any other Overbid, including that such Aggregate Bid that is an Overbid shall be subject to the Minimum Overbid Increment. Portion Bids can be aggregated with any other Qualified Phase II Bid, as determined by the Company and the Proposal Trustee.
- (vi) *Failure to Bid:* If at the end of any round of bidding a Qualified Phase II Bidder (other than a Portion Bidder, or the Qualified Phase II Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Phase II Bidder shall not be entitled to continue to participate in the next round of the Auction.
- (e) Discussion with other Bidders. A Qualified Phase II Bidder shall not strategize or discuss with other Qualified Phase II Bidders for the purpose of submitting an Overbid without the consent of the Proposal Trustee.
- (f) Additional Procedures. The Proposal Trustee may, in consultation with the Company, adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the SISP Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best

Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Phase II Bidders.

- (g) Closing the Auction. The Auction shall be closed after the Proposal Trustee, with the assistance of the Company and their respective legal counsel, has (i) reviewed the final Overbid of each Qualified Phase II Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale, and (ii) identified the Successful Bid and the Back-Up Bid and advise the Qualified Phase II Bidders participating in the Auction of such determination. One or more Portion Bids can, in the discretion of the Proposal Trustee, form part of a Successful Bid and Back-Up Bid so long as such Portion Bids do not overlap in respect of the Assets sought to be purchased and in such case, such Portion Bid shall be included in the definition of Successful Bidder or Back-Up Bid, as applicable.
- (h) Finalizing Documentation. Promptly following a Bid of a Qualified Phase II Bidder being declared the Successful Bid or the Back-Up Bid, the applicable Qualified Phase II Bidder shall execute and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid.
- (i) Qualified Investment Bids. Notwithstanding any other provision of these SISP Procedures, if a Qualified Phase II Bidder submits a Qualified Investment Bid, which the Company or the Proposal Trustee considers would result in a greater value being received for the benefit of the Company's creditors than the Qualified Sale Bids, then the Proposal Trustee may allow such Qualified Phase II Bidder to participate in the Auction, notwithstanding that such Qualified Investment Bid may not otherwise comply with the terms of these Auction Procedures. In such case, the Proposal Trustee may adopt appropriate rules to facilitate such Qualified Phase II Bidder's participation in the Auction.

Schedule 2.3(1)

EXCLUDED LIABILITIES

The following is a non-exhaustive list of Excluded Liabilities:

1. Any and all Liabilities relating to any change of control provision that may arise in connection with the change of control contemplated by the Transaction and to which the Corporation may be bound as at the Closing Time.
2. Any and all Liabilities in respect of any litigation or Legal Proceedings brought or initiated, or which could be brought or initiated against the Corporation.
3. Any and all Liabilities relating to or under the Excluded Contracts and Excluded Assets.
4. All amounts outstanding to Her Majesty the Queen in Right of Canada, as represented by the Minister responsible for Federal Economic Development Agency in Southern Ontario, in connection with the Business Scale-Up and Productivity Contribution Agreement, including any other related agreements.
5. Any and all Liabilities with regard to the Terminated Employees.
6. Any Liabilities for Taxes owing or accrued due by the Corporation prior to the Filing Date.
7. Any and all Liabilities that are not Assumed Liabilities.

Schedule 4.1

EXCLUDED ASSETS AND EXCLUDED CONTRACTS

Excluded Assets – None.

Excluded Contracts – all agreements relating to Liabilities that are Excluded Liabilities.

APPENDIX 4

Schedule A – Form of Monitor’s Certificate

Court File No. 32-2853708

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF iS5 COMMUNICATIONS INC.

RECITALS

A. Pursuant to the Initial Order of the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List), dated December 1, 2022, as amended, iS5 Communications Inc. (the “**Debtor**”) was granted protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Grant Thornton Limited was appointed as the monitor (in such capacity, the “**Monitor**”) of the Debtor.

B. Pursuant to the Approval and Vesting Order of the Court dated December 1, 2022 (the “**Order**”), the Court approved the transaction (the “**Transaction**”) contemplated by the Share Purchase Agreement dated October 17, 2022 (the “**SPA**”), between the Debtor and Elektrophoenix GmbH (the “**Purchaser**”), and ordered, *inter alia*, that: (i) all of the Debtor’s right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo; (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo; and (iii) all of the right, title and interest in and to the New Common Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Monitor to the Purchaser of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Purchaser and the Debtor that all conditions to closing have been satisfied or waived by the parties to the SPA.

C. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received written confirmation from the Purchaser and from the Debtor, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived by the parties to the SPA.
2. This Monitor's certificate was delivered by the Monitor at 7:30 pm on December 14, 2022.

**Grant Thornton Limited, in its capacity as
Monitor of the Debtor, and not in its
personal capacity.**

Per: Daniel Wootton

Name: Daniel Wootton

Title: Sr. Vice President

APPENDIX 5

Week Ended		12-Aug-22 Actual	19-Aug-22 Actual	26-Aug-22 Actual	2-Sep-22 Actual	9-Sep-22 Actual	16-Sep-22 Actual	23-Sep-22 Actual	30-Sep-22 Actual	7-Oct-22 Actual	14-Oct-22 Actual	21-Oct-22 Actual	28-Oct-22 Actual	4-Nov-22 Actual	11-Nov-22 Actual	18-Nov-22			25-Nov-22			2-Dec-22		9-Dec-22	16-Dec-22	
																Week 15	Actual	Variance	Week 16	Actual	Variance	Week 17	Actual	Variance	Week 18	Week 19
Cash Receipts (USD)	Note 2 & 8																									
Collections		69,888	84,159	26,506	47,055	56,011	226,678	180,081	12,098	58,881	129,785	88,665	9,104	54,444	48,250	57,680	75,564	17,884	79,000	23,240	(55,760)	89,000	75,265	(13,735)	28,000	55,000
HST		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SRED/Misc		-	977,581	-	-	-	-	-	101	-	-	-	-	-	-	-	-	101	101	-	-	-	-	-	-	-
Total Cash Receipts		69,888	1,061,740	26,506	47,055	56,011	226,678	180,182	12,098	58,881	129,785	88,665	9,104	54,444	48,250	57,680	75,664	17,884	79,000	23,240	(55,760)	89,000	75,265	(13,735)	28,000	55,000
Cash Disbursements (USD)																										
Operational																										
Trade Payables	Note 3	(2,156)	(71,502)	(46,037)	(94,318)	(66,783)	(123,908)	(35,513)	(2,579)	(57,137)	(46,375)	(59,208)	(60,986)	(77,602)	(52,692)	(100,000)	(174,615)	(74,615)	(100,000)	(18,340)	81,660	(40,000)	(3,543)	36,457	(19,215)	(17,748)
Leases Payable		-	-	(3,471)	(20,897)	(2,525)	-	(1,478)	(10,273)	(10,823)	-	(1,478)	(10,176)	(12,098)	-	-	-	-	(2,000)	(9,676)	(7,676)	(21,000)	(8,402)	12,598	(2,525)	-
SVB Principal/Interest		-	-	-	(7,491)	-	(202,175)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Cards and Employee Expense	Note 3	(1,699)	(4,384)	-	(11,719)	(9,481)	-	(2,344)	(4,406)	(609)	(10,156)	-	-	(8,734)	(4,688)	(10,000)	(14,031)	(4,031)	-	(11,719)	(11,719)	(10,000)	(7,791)	2,209	(2,172)	(7,906)
Channel Partner Commissions		-	-	(2,335)	-	-	-	-	(7,364)	-	-	-	(38,715)	-	-	-	-	-	(6,000)	(5,270)	730	-	-	-	-	-
Consultants		-	-	-	(781)	-	-	-	-	-	-	-	-	-	(4,805)	(2,000)	-	2,000	-	-	-	-	-	-	-	-
Rent		-	-	-	(6,295)	(19,637)	-	-	-	(19,637)	-	-	-	(19,637)	-	-	-	-	-	-	-	(19,637)	(19,637)	-	-	-
Utilities		-	-	(1,925)	-	-	-	(1,918)	-	(129)	-	-	(2,038)	-	(232)	-	-	-	-	(1,681)	(1,681)	(4,991)	(1,545)	3,446	-	-
Bank Charges		(2)	-	-	(525)	(257)	-	-	-	(369)	-	(20)	-	(872)	-	-	-	-	(800)	(2,387)	(1,587)	-	-	(400)	(375)	
Office/Communication		-	-	-	-	-	(1,686)	(1,840)	-	-	-	(1,686)	(1,545)	-	-	-	(1,686)	(1,686)	(1,686)	-	1,686	-	-	-	-	(1,686)
Independent Director		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Systems/Software Subscriptions	Note 4	-	-	-	(6,183)	-	-	(874)	-	(6,946)	-	-	(6,946)	-	-	-	-	-	-	(6,946)	(6,946)	(7,000)	-	7,000	-	-
Payroll	Note 5							0																		
Benefits		-	-	(12,331)	-	-	-	(12,522)	-	-	(104)	(12,522)	-	(2,234)	(104)	-	-	-	(12,500)	(13,269)	(769)	(2,500)	-	2,500	(100)	-
Payroll Canada		-	(180,554)	-	(98,904)	-	(98,662)	-	(99,216)	-	(100,292)	-	(100,290)	(99,677)	-	-	-	-	(99,000)	(98,660)	340	-	-	-	(99,000)	(26,769)
Payroll US		-	(20,652)	-	(10,085)	-	(7,239)	-	(12,886)	-	(7,239)	-	(7,239)	-	(10,279)	-	-	-	(12,000)	(15,062)	(3,062)	-	-	-	(15,000)	-
Payroll International		-	-	-	(13,892)	-	-	-	(11,886)	-	-	-	(11,364)	-	-	-	-	-	-	-	-	(12,000)	(14,781)	(2,781)	-	-
Restructuring Fees	Note 6																									
Trustee Fees		-	(22,379)	(14,649)	-	-	-	-	-	(15,440)	-	-	(19,646)	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Counsel Fees		-	-	(19,531)	-	-	-	-	-	(74,428)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Disbursements		(3,857)	(299,471)	(100,280)	(271,089)	(98,683)	(433,671)	(56,489)	(148,610)	(185,520)	(164,167)	(74,914)	(258,946)	(121,177)	(172,477)	(112,000)	(190,333)	(78,333)	(233,986)	(183,009)	50,977	(117,128)	(55,700)	61,428	(138,411)	(54,484)
Net Cash Flow		66,031	762,269	(73,774)	(224,035)	(42,672)	(206,992)	123,693	(136,511)	(126,639)	(34,382)	13,751	(249,842)	(66,733)	(124,226)	(54,320)	(114,669)	(60,449)	(154,986)	(159,769)	(4,783)	(28,128)	19,565	47,693	(110,411)	516
Opening Cash (USD)		204,175	870,206	1,632,475	1,558,701	1,334,666	1,291,995	1,085,002	1,208,696	1,072,184	945,545	911,163	924,914	675,072	608,339	484,112	484,112	-	429,792	369,444	(60,349)	274,806	209,674	(65,132)	229,239	118,828
Debtor in Possession Financing (USD)	Note 7	600,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Cash (USD)		870,206	1,632,475	1,558,701	1,334,666	1,291,995	1,085,002	1,208,696	1,072,184	945,545	911,163	924,914	675,072	608,339	484,112	429,792	369,444	(60,449)	274,806	209,674	(65,132)	246,678	229,239	(17,438)	118,828	119,344

Disclaimers:

1. This statement of projected cash flow of iS5 Communications Inc. (the "**Company**") is prepared by the debtor in accordance with s.50(6)(a) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on Cash Flow Statement and the assumptions below.

2. The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company's planned course of action for the period of August 12, 2022 to December 16, 2022. Management is of the view that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

3. The Cash Flow Statement has been prepared by the Company and has been reviewed by the Proposal Trustee/Monitor. The Proposal Trustee/Monitor has not verified or confirmed certain expenses incurred by the Company which are reflected in this Cash Flow Statement.

4. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the cash flow could vary based on changing future circumstances.

Notes:

1. Note that all amount referenced above are in USD.

2. The Collections are based on actual sales, sales projections, related payment terms, and the Company's best estimate on the receipt of such sales.

3. Trade Payables, Credit Cards and Employee Expenses relate to ongoing operations with an adjustment to consider that certain payment terms may change during the Cash Flow Statement period.

4. The IT Systems/Software Subscriptions payments reflect expected payments based on existing contracts for software that is critical to the operations of the Company.

5. Payroll and related payments are based on contractual arrangements in place with the respective employees.

6. Restructuring Fees relate to the fees to be incurred during these Proceedings. These expenses include the Company's counsel, Proposal Trustee fees, and the Trustee's Counsel's fees.

7. The Company plans to utilize Debtor in Possession financing to support operations during the Cash Flow Statement period.

8. The Company's cash flow statement does not contemplate the payment of pre-filing unsecured creditors, with the exception of potential Critical Suppliers (as defined).

9. SVB as the secured creditor received a distribution on September 16, 2022, and in turn, the company has decided to maintain payments on its leased assets.

Thursday, December 15, 2022

iS5 Communications Inc.

Per: 
Clive Dias, President

Grant Thornton Limited

Per: 
Dan Wootton, CIRP, LIT

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

JUSTICE ●

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THURSDAY, THE 22nd

DAY OF DECEMBER, 2022

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.

ORDER

THIS MOTION, made by Grant Thornton Limited (the "**Monitor**"), in its capacity as Monitor of 14544072 Canada Inc. ("**ResidualCo**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was heard this day by judicial video conference in Toronto, Ontario.

ON READING the Notice of Motion, the Monitor's first report dated December 15, 2022 ("**Monitor's First Report**") filed by Grant Thornton Limited in its capacity as Monitor of ResidualCo in connection with ResidualCo's (and formerly iS5 Communications Inc.'s ("**iS5**")) proceedings under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended ("**CCAA**" and with reference to these proceedings, the "**CCAA Proceedings**"), and on hearing submissions of counsel for the Monitor and counsel for those parties appearing as indicated by the counsel slip, no one appearing for any other party although duly served, as appears from the Affidavit of Service of Susan Gonsalves sworn December 15, 2022, filed:

1. THIS COURT ORDERS the time for and manner of service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and the Court hereby dispenses with further service thereof.

2. THIS COURT ORDERS that terms not otherwise defined herein shall have the meanings accorded to them in the Initial Order made in these proceedings on December 1, 2022 (the “**Initial Order**”).

3. THIS COURT ORDERS that the Stay Period be and is hereby extended until and including January 31, 2023.

4. THIS COURT ORDERS that the Monitor, on behalf of ResidualCo, distribute sufficient funds to pay, in full, the secured indebtedness owed to Silicon Valley Bank (“**SVB**”), as the primary secured creditor of ResidualCo.

5. THIS COURT ORDERS that the Monitor’s First Report, and the actions, conduct and activities of the Monitor described therein, be and are hereby approved, provided, however, that only the Monitor, in its personal capacity only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

6. THIS COURT ORDERS AND DECLARES that the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 (“**WEPPA**”) applies to ResidualCo. and the employee(s) that were terminated on or just prior to the closing of the Transaction and as a result of ResidualCo’s (and formerly iS5’s) restructuring proceedings.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at
TORONTO

ORDER

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Lawyers for Grant Thornton Limited, in its capacity
as Monitor of 14544072 Canada Inc.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF
14544072 CANADA INC.

Court File No. CV-22-00690563-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at
TORONTO

**MOTION RECORD
(Returnable December 22, 2022)**

COZEN O'CONNOR LLP

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