Court File No: CV-23-00701377-00CL

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 SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC.

FIRST REPORT OF GRANT THORNTON LIMITED AS THE COURT-APPOINTED MONITOR

June 26, 2023

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

TABLE OF CONTENTS

APPENDICES

Appendix “A”	The Initial Order of Justice Steele dated June 21, 2023
Appendix “B”	The Affidavit of Mr. Vijai Karthigesu dated June 20, 2023
Appendix “C”	Globe and Mail Newspaper Advertisement dated June 27, 2023
Appendix “D”	Cash Flow Projection dated June 26, 2023
Appendix “E”	The Bidding Procedures of the proposed Sale and Investment Solicitation Process

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June 26, 2023

INTRODUCTION

1. On June 20, 2023 (the "**Filing Date**"), Swarmio Media Holdings Inc. ("**Swarmio Parent**"), Swarmio Inc. ("**Swarmio OpCo**"), and Swarmio Media Inc. ("**Swarmio Media**") (collectively, the "**Swarmio Group**" or the "**Company**"), collectively made an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**").

2. The Court issued an order on June 21, 2023 granting the Company their requested relief (the "**Initial Order**") and, among other relief, appointed Grant Thornton Limited ("**GTL**") as monitor (in such capacity, the "**Monitor**"). A copy of the Initial Order is attached as **Appendix "A"**.

3. Among other relief, the Initial Order:

(a) granted a stay of proceedings in favour of the Company until and including July 1, 2023 (the “**Initial Stay Period**”);

(b) granted an administration charge to secure the professional fees and disbursements of the Company’s counsel, the Monitor, and the Monitor’s counsel up to a maximum of $100,000 (the “**Administration Charge**”);

(c) granted a charge in favour of the current directors and officers of the Company in the amount of $100,000 (the “**Directors’ Charge**”);

(d) approved interim financing in the amount of $135,000 (the “**DIP Financing**”) under the terms of the DIP Term Sheet (as described and defined herein) between the Company and Triaxcess Ltd. (the “**DIP Lender**”) to fund the Company’s operations during the Initial Stay Period;

(e) granted a charge in favour of the DIP Lender in the amount of $135,000 (the “**DIP Charge**”); and,

(f) authorized Swarmio Parent to incur no further expenses in relation to the Securities Filings (as defined in the Initial Order) and declared that none of the directors, officers, employees, advisors, and other representatives of the Company or the Monitor (and its directors, officers, partners, advisors, employees, and representatives) shall have any personal liability for any failure by the Company to make Securities Filings.

4. At the initial application hearing, the Court scheduled a comeback hearing on June 30, 2023 at 9:00 a.m. EST (the “**Comeback Hearing**”). At the Comeback hearing, the Company will seek an amended and restated Initial Order (the “**Amended and Restated Initial Order**”).

5. The Company advised the Court in their initial application materials that they intend to seek the following relief at the Comeback Hearing:

(a) an extension of the stay of proceedings until and including September 1, 2023 (the "**Extension Stay Period**") to allow the Company to maintain its current operations during the proposed sale and investment solicitation process, as further described below;

(b) authorize the Company to borrow the maximum principal amount of $1.5 million as interim financing pursuant to a DIP Term Sheet (the "**DIP Facility**") with the DIP Lender to fund the Company's cash needs until the end of the Extension Stay Period;

(c) approve an increase to the DIP Charge to $1.5 million, plus such additional interest and fees pursuant to the DIP Term Sheet;

(d) approve an increase in the Administration Charge to $300,000 to secure the fees and disbursements of the Company's counsel, the Monitor, and the Monitor's counsel; and,

(e) grant an order approving a sale and investment solicitation process (the "**SISP Order**") which would authorize the Monitor, with the assistance of the Company, to conduct a process to seek interest in a possible sale of, or investment in, the Company's business, assets, and/or shares (the "**SISP**").

6. The affidavit of Mr. Vijai Karthigesu, the Chief Executive Officer of Swarmio Media Holdings Inc., sworn on June 20, 2023 (the "**Karthigesu Affidavit**") was filed in connection with the initial application in these CCAA Proceedings. The Karthigesu Affidavit describes, *inter alia*, the Swarmio Group's background, including the reasons the Swarmio Group

sought to commence the CCAA Proceedings and the relief sought in the Initial Order. A copy of the Karthigesu Affidavit (without exhibits) is attached hereto as **Appendix "B"**.

7. The Monitor understands that the Company will be relying on the Karthigesu Affidavit, and such further affidavit evidence of Mr. Karthigesu as may be provided in support of the relief sought at the Comeback Hearing.

8. The Initial Order and the endorsement of Justice Steele dated June 21, 2023, as well as all other materials filed with the Court in the CCAA Proceedings are accessible on the Monitor's website at: www.grantthornton.ca/swarmio (the "**Monitor's Website**").

PURPOSE OF THE FIRST REPORT

9. The purpose of this first report of the Monitor (the "**First Report**") is to provide an update to the Court on the Monitor's views on the relief being sought by the Company as well as other relevant information to assist the Court in determining whether or not to grant the requested relief. This First Report includes the following sections for the benefit of the Court:

   (a) the Company's activities following the Initial Order;

   (b) the Monitor's activities prior to, and following the Initial Order;

   (c) the DIP Financing, initial cash flow forecast, and the updated Cash Flow Forecast (as defined herein); and,

   (d) the Monitor's views and recommendations on the relief being sought at the Comeback Hearing.

SCOPE AND TERMS OF REFERENCE

10. Other than where indicated, the information contained in this First Report (the "**Information**") has been obtained by the Monitor from the books and records of the Company, publicly available information, and/or is based upon discussions with, and representations made by the Company's management, and professional advisors retained by the Company in this matter as well as the DIP Lender. The Information has not been audited or reviewed by the Monitor as to its accuracy or completeness, and the reader is therefore cautioned that the Monitor does not provide any form of assurance with respect to the accuracy of any financial information presented in this First Report or relied upon in preparing this First Report, and this First Report may not disclose all significant matters about the Company.

11. This First Report has been prepared to provide general information to stakeholders of the Company and the Court relating to the CCAA Proceedings. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction or use of this First Report. Any use that a party makes of this First Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

13. A copy of this First Report and other relevant documents with respect to these proceedings are available on the Monitor's Website.

THE SWARMIO GROUP

14. The Swarmio Group is an early stage, pre-revenue technology and media company focused on the gaming sector. The Swarmio Group has exhausted its liquidity and is unable to remain current on its payables, including satisfying payroll obligations. It has been unable to raise the additional capital necessary to fund its continued development and existing operations.

15. In advance of the Filing Date, the Company pursued other strategic alternatives without success, and as detailed in the Karthigesu Affidavit, has turned to these CCAA Proceedings to obtain interim financing, develop and implement a SISP, and identify a value-maximizing transaction through the SISP.

ACTIVITIES OF THE COMPANY SINCE THE INITIAL ORDER

16. The Monitor has observed and understands that since the Initial Order was made, the Company has had productive discussions with its trade creditors, suppliers, and employees that will facilitate its sustained operation through the CCAA Proceedings. The Company utilized a communication plan that was prepared with the assistance of the Monitor.

17. The Company has received the DIP Facility proceeds, as approved in the Initial Order, and has made payments in accordance with the initial cash flow forecast, in addition to payments to its legal counsel. The Company's counsel advised the Monitor prior to receiving a payment from the Company, and the Company was able to confirm to the Monitor that such payment would not prejudice the ongoing operations of the Company.

18. The Company has assisted the Monitor in preparing the SISP.

19. The Company, with their counsel, has worked with the Monitor to update their cash flow forecast to cover the Extension Stay Period.

20. The Company has worked with the Monitor and its counsel to prepare the relevant information and documentation required to assist with the implementation of the SISP.

21. The Company has diligently prepared their motion materials for the relief to be sought at the Comeback Hearing.

ACTIVITIES OF GTL AND THE MONITOR

22. Prior to the granting of the Initial Order, GTL was engaged by the Company as their financial advisor and where GTL undertook the following activities:

   (a) performed a detailed review of the Swarmio Group's financial statements, contracts, general ledgers, and other materials that were necessary to understand the Company's business;

   (b) assisted the Company in creating and implementing a communication plan to advise key stakeholders of the Company's CCAA Proceedings;

   (c) held discussions with the DIP Lender to gain comfort with their ability to fund the DIP Facility until such time as a DIP Term Sheet was signed;

   (d) assisted the Company in preparing an initial cash flow forecast for the 9-week period ending August 18, 2023 and for the purpose of providing evidence to the Court in support of the Initial Stay Period; and,

   (e) assisted with review and comment on the Company's CCAA application materials.

23. Following GTL's appointment as Monitor, the Monitor has engaged in the following activities:

(a) arranged for the publication of a notice in The Globe and Mail (National Edition) for June 27, 2023 to notify the public of the CCAA Proceedings. A copy of this advertisement is attached as **Appendix "C"**;

(b) arranged for a notice of these CCAA Proceedings to be sent by regular mail to all known creditors of the Company who are owed $1,000 or more, including posting such creditor list to the Monitor's Website;

(c) established and maintained the Monitor's Website as a central database to access information pertaining to the CCAA Proceedings. In accordance with the E-Service Guide of the Court, the Monitor has posted to the Monitor's Website all served court materials, court orders and reports filed in these proceedings;

(d) provided further assistance to the Company in implementing the communication plan referenced above;

(e) completed statutory forms 1 and 2 (Information Pertaining to the Initial Order and Debtor Company Information Sheet, respectively) and e-filed such forms with the Office of the Superintendent of Bankruptcy;

(f) reviewed the weekly cash flows as provided by the Company, assisted with the review and comment on the updated cash flow forecasts, and created a weekly monitoring protocol with the Company for the Monitor to allow review and reporting on the Company's weekly cash receipts and disbursements;

(g) assisted with the review of and commentary on the draft SISP, and other related documents for the Company's motion to seek the requested relief at the Comeback Hearing;

(h) corresponded with the DIP Lender with respect to their separate role as a potential bidder party under the SISP, as well as their role in supporting the Company and other potential bidders with respect to customer contracts (as described further below);

(i) corresponded with specific stakeholders who made direct inquiries of the Monitor; and,

(j) completed its own independent analysis and views with respect to this First Report.

DIP FINANCING

24. Prior to the granting of the Initial Order, GTL in its capacity as the proposed Monitor, was informed that immediate access to liquidity was critical to maximize value for creditors and facilitate a potential SISP. As at the Filing Date, the Company had little to no cash available to fund ongoing operations, which gave rise to the need to access interim financing in the form of a DIP loan.

25. The Monitor had the opportunity to review the DIP Term Sheet prior to its execution and was able to provide comments, which were adopted by the Company.

26. The Company agreed to a non-operating DIP Facility with the DIP Lender in the total principal amount of $1.5 million, plus 12% interest per annum, a 2% commitment fee, a maturity date of September 15, 2023 (after the Company's conclusion that it would seek a Stay Extension Period to September 1, 2023), the recovery of reasonable fees and expenses, and standard DIP terms with respect to events of default.

27. Upon the issuance of the Initial Order, the DIP Lender provided interim financing to the Company in the amount of $135,000.

28. The Monitor notes that the DIP Lender may be considered a related party. The DIP Lender's authorized signatory is Mr. Elie Jeitani, who is a former board member of Swarmio Parent. It is also the Monitor's understanding that another company that Mr. Jeitani operates serves as an intermediary in soliciting business and executing contracts in the United Arab Emirates, effectively a customer of the Company.

29. Based on the Monitor's review of the signed DIP Term Sheet, and the Monitor's work in reviewing and supporting the updated cash flow forecast, the Monitor is of the view that (i) the DIP Facility is necessary in the circumstances, and (ii) the terms of the DIP Facility are reasonable.

CASH FLOW FORECAST

30. The Company, with the assistance of the Monitor, has expended additional time in reviewing future liquidity requirements of the Company and in consideration of the proposed SISP timeline. The Company, with the Monitor, has been able to update the initial cash flow forecast to provide for sufficient time and post-filing liquidity to fund the Company through the Extension Stay Period and allow for the SISP to be completed. The updated cash flow forecast is a weekly cash flow projection to September 1, 2023, hereinafter defined as the "**Cash Flow Forecast**".

31. The Cash Flow Forecast was prepared by the Company using probable and hypothetical assumptions of the Company's liquidity requirements to maintain operations throughout the proposed SISP timeline.

32. In accordance with its role in assisting with the development of the Cash Flow Forecast, the Monitor vetted the assumptions that underpin the cash flow through the review of documentation related to the Company's operations and contracts, as well as through

analytical procedures and discussions, and is of the view that the assumptions within the Cash Flow Forecast are reasonable.

33. The Monitor supports the Cash Flow Forecast based on the following observations:

(a) the Cash Flow Forecast demonstrates uneven salary and benefit payments as a result of timing differences as they relate to certain employees and contractors. The Monitor has reviewed and is comfortable with the payroll and related disbursements in the Cash Flow Forecast;

(b) the general operating disbursements are required in order to preserve the business, the core team, and to generally preserve value to support a SISP;

(c) the Cash Flow Forecast is generally conservative in nature, insofar as the Company reduced its headcount prior to the granting of the Initial Order, and since additional receipts may be received from customers than is currently contemplated;

(d) the Cash Flow Forecast demonstrates that during the requested Extension Stay Period, the Company projects estimated disbursements of approximately $1.6 million. The Cash Flow Forecast demonstrates that the Company will have sufficient liquidity between the DIP Facility and expected receipts during the requested Extension Stay Period, assuming the other requested relief is granted.

34. A copy of the Cash Flow Forecast is attached hereto as **Appendix "D"**.

RELIEF SOUGHT AT THE COMEBACK HEARING

35. The Company will seek the following relief at the Comeback Hearing:

(a) a Stay Extension Period to September 1, 2023;

(b) an increase in the amount the Company may draw upon the DIP Facility to a maximum principal amount of $1.5 million, as well as a corresponding increase to the DIP Charge;

(c) an increase in the Administration Charge; and,

(d) approval of the SISP Order.

Extension Stay Period

36. The Company is seeking the Extension Stay Period in order to provide the Monitor and the Company with the requisite time to complete the SISP.

37. The Monitor supports the Extension Stay Period for the following reasons:

(a) the Extension Stay Period is critical to facilitating a SISP, which is viewed as the best manner in which to maximize value and provide an opportunity for the ongoing operation of the business;

(b) should the increases in DIP Facility borrowing and the DIP Charge be approved, the Company will have secured sufficient financing to support operations throughout the Cash Flow Projection period;

(c) the Company has acted in good faith and with due diligence since the granting of the Initial Order; and,

(d) the Monitor is of the view that no creditor will be materially prejudiced by the requested Extension Stay Period.

Increase in DIP Financing Availability

38. Pursuant to the Initial Order, the maximum amount that the Company may draw from the DIP Facility is $135,000, which is insufficient to allow for the completion of a SISP.

39. The DIP Lender has agreed, subject to the Court granting the Amended and Restated Initial Order, to a total DIP Facility in the principal amount of $1.5 million for the purpose of financing ongoing operations during the SISP.

40. The DIP Financing is critical to maintaining operations for the Extension Stay Period as the Company's receivables and other potential receipts are insufficient to cover such critical operating disbursements during the period.

41. The Monitor is of the view that the DIP Financing represents the only financing reasonably available to the Company.

42. The Monitor supports the increase in the availability of the DIP Facility to the maximum principal amount of $1.5 million, and is of the view that such increase is necessary in the circumstances.

Increase of the Administration Charge

43. The Company is seeking an increase in the Administration Charge approved in the Initial Order to bring the total Administration Charge to $300,000.

44. The Monitor is of the view that this relief is reasonable for the following reasons:

   (a) the administration charge would provide protection should the professionals waive their right to current payments should the Company be required to prioritize operating disbursements;

(b) the budgeted professional fees may be insufficient to provide for the actual implementation and successful completion of the SISP and these CCAA Proceedings; and,

(c) the increase allows needed protection for professionals in the event of any negative contingencies affecting timing, cash flow and/or costs.

The Proposed SISP

45. The Swarmio Group has exhausted other potential avenues of refinancing and reorganization and has determined that a sale of its business is necessary to maximize value and provide an opportunity for the Company to continue as well as for the benefit of its customers, suppliers, employees and contractors.

46. In consultation with the Monitor, the Swarmio Group has prepared a SISP that provides potential bidders the opportunity to participate in a proposed two-phase SISP.

47. The specific details of the SISP and related bidding procedures are attached hereto as **Appendix "E"**. An abridged summary of the key terms for the purpose of updating the Court is set out below; however, the Monitor recommends reviewing this First Report in conjunction with the SISP. Capitalized terms regarding the SISP, if not otherwise defined, have the meaning ascribed to them in the SISP.

48. The Monitor notes that the DIP Lender will not participate in the SISP aside from as a Potential Bidder, if the DIP Lender so chooses. The Monitor also notes that the DIP Lender, in its capacity as a customer of the Company, supports the SISP, knowing that a different Potential Bidder may become the Successful Bidder whereby such Successful Bidder may continue to work with the DIP Lender in the future as a customer.

49. The key dates in the SISP are as follows:

Milestone	Deadline
Deadline to Publish Notice of SISP and deliver Teaser Letter and NDA to Known Potential Bidders	as soon as practicable following the issuance of the SISP Order
Phase 1 Due Diligence Period	July 3 to July 24
Phase 1 Bid Deadline	July 25, 2023
Phase 2 Due Diligence Period	July 26 to August 13
Phase 2 Bid Deadline	August 14, 2023
Auction Date	August 18, 2023
Sale Approval Motion	No later than August 28, 2023, subject to the availability of the Court
Closing	September 7, 2023

50. The Monitor will publicly advertise the SISP in the Globe and Mail (National Edition) and Insolvency Insider. Known Potential Bidders will receive a Teaser and be invited to sign a non-disclosure agreement ("**NDA**") to gain access to a secure data room to view due diligence materials and other confidential information pertaining to the Opportunity and will otherwise be considered a Phase 1 Bidder.

51. Phase 1 Bidders will be invited to submit a Phase 1 Qualified Bid in order to be considered to join the SISP as a Phase 2 Bidder. The requirements to submit a Phase 1 Qualified Bid include:

(a) disclosure of whether such bid is a Sale Proposal or an Investment Proposal;

(b) confirming that such bid is for all or substantially all of the Company's assets and operations, or in the context of an Investment Proposal, a complete solution to restructure/refinance the Company's assets and operations;

(c) utilization of a template agreement, with any amendments as necessary, or an appropriate agreement under an Investment Proposal scenario;

(d) disclosure of a purchase price and related terms, including which assets and liabilities will be assumed, or not assumed (and where such terms may be subject to further due diligence);

(e) disclosure of any conditions to completing a Transaction, including further due diligence requirements;

(f) disclosure of the Phase 1 Bidders' identity;

(g) a deposit equal to at least 15% of the purchase price, or related consideration, and whereby such deposit will be refundable if such bid is not eventually selected as the Successful Bid; and,

(h) other terms as appropriate.

52. The Monitor will be the sole recipient of Phase 1 Bids. The Monitor will then review the Phase 1 Bids and determine which will be considered a Phase 1 Qualified Bid and who will then be invited to participate in the second phase of the SISP, at which time additional

due diligence materials may be provided as well as access to the Company's primary assets.

53. If no Phase 1 Bids are received or the Monitor determines, exercising its discretion, that none of the Phase 1 Bids received meets the requirements to be considered a Phase 1 Qualified Bid, then the Monitor may extend the Phase 1 bid deadline or seek Court approval of an amendment to the SISP.

54. If the Monitor, in consultation with the Company, determines that only one Phase 1 Bid meets the requirements to be considered a Phase 1 Qualified Bid, then the Monitor may determine that a second phase of bidding is not required.

55. Phase 1 Qualified Bidders who become Phase 2 Bidders, will have time for additional due diligence and to submit a Phase 2 Bid to the Monitor. A Phase 2 Bid shall include:

(a) a binding offer, which may be based on assumptions, and which will be open for acceptance and be irrevocable until September 15, 2023, or two days after the closing of a transaction with the Successful Bid (whichever is earlier);

(b) no financing or other conditions, with the exception of being conditional on Court approval, and with reference to transaction structure;

(c) no break fees, termination fees, or expense reimbursement;

(d) final purchase price, including related terms and consideration;

(e) confirmation of which assets and liabilities will be assumed and not assumed;

(f) evidence to support the Phase 2 Bidder's financial capability to complete the contemplated transaction;

(g) acknowledgement of the SISP, independence, no representations/warranties, and satisfactory due diligence; and,

(h) other terms as appropriate.

56. The Monitor, with the Company, will consider a Back-Up Bidder, in addition to a Successful Bidder, where applicable.

57. Where multiple Phase 2 Bids are received which meet the above requirements, a prescribed auction procedure may take place in order to identify a Successful Bidder.

58. The Monitor will have flexibility in amending the SISP depending on the results as they arise, and in the spirit of identifying a Successful Bidder with the highest and best offer for the Company's assets and operations.

<u>The Monitor's Comments on the SISP</u>

59. The Monitor supports the SISP and is of the view that the SISP is fair and reasonable for the following reasons:

(a) the timeline of the SISP is structured to adequately expose the Company while managing financial resources and preserving the business;

(b) a two-phased approach is appropriate considering the commercially sensitive nature of the Company's code, for which it maintains a patent and where such code represents a primary asset of the Company;

(c) the Monitor intends to market the Opportunity to Known Potential Bidders in Canada, as well as the jurisdictions in which the Company operates;

(d) the Monitor will ensure that all Potential Bidders within either phase of the SISP are provided with the same access to information for due diligence purposes;

(e) the requirements to be considered a Phase 1 Bidder is limited to signing an NDA;

(f) the requirements to submit a bid as a Phase 1 Qualified Bid are in the Monitor's view reasonable and not overly burdensome;

(g) the Monitor will be the sole recipient of bids, and will participate in the determination of which Phase 1 Qualified Bidders will be invited to become Phase 2 Bidders;

(h) the requirements to submit a bid as a Phase 2 Qualified Bid are in the Monitor's view reasonable and not overly burdensome;

(i) the Monitor will be the sole recipient of Phase 2 Bids and Phase 2 Qualified Bids, and will participate in the determination of a Successful Bidder;

(j) where multiple Phase 2 Qualified Bids are received and a Successful Bidder cannot be selected, an appropriate auction procedure is in place, which the Monitor will implement, to assist in identifying the Successful Bidder; and,

(k) the SISP provides the Monitor with flexibility and the ability to return to Court where appropriate.

60. Based on the above, the Monitor recommends the Court approve the proposed SISP.

CONCLUSIONS AND RECOMMENDATIONS

61. In summary, the Monitor is of the view that the relief sought in the proposed Amended and Restated Initial Order is reasonable in the circumstances and respectfully requests that the Court grant the relief sought by the Company.

All of which is respectfully submitted this 26th day of June, 2023.

GRANT THORNTON LIMITED, IN ITS CAPACITY AS COURT APPOINTED MONITOR OF SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY
Per:

Dan Wootton, CIRP, LIT
Senior Vice President

APPENDIX "A"

Court File No. CV-23-00701377-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 21st
	)	
JUSTICE STEELE	)	DAY OF JUNE, 2023

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 SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC.,

Applicants

INITIAL ORDER

THIS APPLICATION, made by Swarmio Media Holdings Inc., Swarmio Inc., and Swarmio Media Inc. (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by Zoom video conference.

ON READING the affidavit of Vijai Karthigesu sworn June 20, 2023 and the Exhibits thereto ("**First Karthigesu Affidavit**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and Grant Thornton Limited ("**GT**" or the "**Monitor**") and on reading the consent of GT to act as 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.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants 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 (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their 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 Applicants shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicants are 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 them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the First Karthigesu Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management

System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants 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 and pension 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 Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants 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, technology infrastructure services, reimbursements in accordance with the Disbursement Procedures (as defined and described in the First Karthigesu Affidavit), and security services;

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants 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, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, 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 Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants 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 Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). 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.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are 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 Applicants to any of their 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.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations; and

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the

landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

STAY OF PROCEEDINGS

14. THIS COURT ORDERS that until and including July 1, 2023 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 Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **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 Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are 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

16. **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 Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, technology and software infrastructure providers, contractors, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, 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 Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, technology and software infrastructure, 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 Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **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 or 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 Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **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 Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the

Applicants 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 Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS’ AND OFFICERS’ INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors’ Charge**") on the Property, which charge shall not exceed an aggregate amount of $100,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 38 and 40 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants’ directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that GT is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants 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.

24. **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 Applicants' receipts and disbursements;

(b) 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, and such other matters as may be relevant to the proceedings herein;

(c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) advise the Applicants in their preparation of the Applicants' 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 as agreed to by the DIP Lender;

(e) advise the Applicants in their development of the sales process;

(f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) 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 Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(h) 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

(i) perform such other duties as are required by this Order or by this Court from time to time.

25. **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.

26. **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.

27. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants 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 Applicants 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 Applicants may agree.

28. **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.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis.

30. 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.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $100,000, 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. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Triaxcess Ltd. (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $135,000 unless permitted by further Order of this Court.

33. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the agreement between the Applicants and the DIP Lender dated as of June 20, 2023 (the "**DIP Term Sheet**"), filed.

34. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and

directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 38 and 40 hereof.

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 5 days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

37. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or

any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. **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:

With respect to the Applicants, Swarmio Inc. and Swarmio Media Inc.:

First – Administration Charge (to the maximum amount of $100,000)

Second – DIP Lender's Charge (to the maximum amount of $135,000); and

Third – Directors' Charge (to the maximum amount of $100,000).

Solely with respect to the Applicant, Swarmio Media Holdings Inc.:

First – Administration Charge (to the maximum amount of $100,000)

Second – 218 Security (as defined in the First Karthigesu Affidavit);

Third – DIP Lender's Charge (to the maximum amount of $135,000); and

Fourth – Directors' Charge (to the maximum amount of $100,000).

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, 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 such failure to file, register, record or perfect.

40. **THIS COURT ORDERS** that each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) 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; *provided that*, solely with respect Swarmio Media

Holdings Inc., the DIP Lender's Charge and the Directors' Charge shall rank subordinate to 218 Security (as defined in the First Karthigesu Affidavit), but, for greater certainty, the DIP Lender's Charge and the Directors' Charge shall rank in priority to all other Encumbrances.

41. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

42. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the DIP Term Sheet, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender 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 Applicants, 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 Applicants of any Agreement to which they are 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 or resulting from the Applicants 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 Applicants 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.

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

RELIEF FROM REPORTING OBLIGATIONS

44. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Legislation**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.

45. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the "**Regulators**") in the matter of regulating the conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

SERVICE AND NOTICE

46. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

47. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (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 http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) 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 a Case Website shall be established in accordance with the Protocol with the following URL '<www.grantthornton.ca/swarmio>'.

48. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants 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 Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants 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.

49. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably

required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

GENERAL

50. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or apply for advice and directions in the discharge of their powers and duties hereunder.

51. **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 Applicants, the Business or the Property.

52. **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 Applicants, 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 Applicants 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 Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

53. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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.

54. **THIS COURT ORDERS** that any interested party (including the Applicants 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.

55. **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.

56. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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

Court File No.: CV-23-00701377-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC.,

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at TORONTO

INITIAL ORDER

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Lawyers for the Applicants

APPENDIX “B”

Court File No.: CV-23-00701377-00CL

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
SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC.,
Applicants

AFFIDAVIT OF VIJAI KARTHIGESU
(Sworn June 20, 2023)

TABLE OF CONTENTS

AFFIDAVIT OF VIJAI KARTHIGESU
(Sworn June 20, 2023)

I, VIJAI KARTHIGESU, of the town of Ajax, in the Regional Municipality of Durham, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

PART I - INTRODUCTION

1. I am the Chief Executive Officer of the applicant, Swarmio Media Holdings Inc. ("**Swarmio Parent**") as well as a member of Swarmio Parent's board of directors (the "**Board**"). I am also the Chief Executive Officer and a member of the Board of Swarmio Parent's wholly-owned subsidiary applicants, Swarmio Inc. ("**Swarmio OpCo**"), and Swarmio Media Inc. ("**Swarmio Media**", and together with Swarmio OpCo and Swarmio Parent, the "**Swarmio Group**", the "**Company**" or the "**Applicants**").

2. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true. All references to currency in this Affidavit are references to Canadian dollars, unless otherwise indicated.

PART II - OVERVIEW

3. This affidavit is sworn in support of Swarmio Group's application for an order substantially in the form at Tab 3 of the Application Record (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for the following relief (among other things):

(a) declaring that the Applicants are companies to which the CCAA applies;

(b) granting a stay of proceedings in favour of the Company up to and including July 1st, 2023 (the "**Initial Stay Period**");

(c) appointing Grant Thornton Limited ("**GT**") as the monitor of the Company (the "**Proposed Monitor**" or the "**Monitor**", as applicable);

(d) granting an administration charge to secure the professional fees and disbursements of the Applicants' counsel, the Monitor and its counsel up to a maximum amount of $100,000 (the "**Administration Charge**");

(e) granting a charge in favour of the current directors and officers of the Company in the amount of $100,000 (the "**Directors' Charge**");

(f) approving interim financing in the amount of $135,000 (the "**DIP Financing**") under the terms of the DIP Term Sheet (as defined below) between the Company and the DIP Lender (as defined below) to fund the Company's operations during the Initial Stay Period; and

(g) authorizing Swarmio Parent to incur no further expenses in relation to the Securities Filings (as defined in the Initial Order) and declaring that none of the directors, officers, employees, advisors and other representatives of the Applicants, or the Monitor (and its directors, officers, partners, advisors, employees and representatives) shall have any personal liability for any failure by the Company to make Securities Filings.

4. If the Initial Order is granted, the Applicants intend to return to Court no later than June

30, 2023 (the "**Comeback Hearing**") to seek an order (the "**Amended and Restated Initial Order**") that would, among other things:

(a) approve a sale and investment solicitation process ("**SISP**");

(b) increase the borrowing amount under the DIP Term Sheet and a corresponding increase to the DIP Lender's Charge;

(c) extend the Initial Stay Period for the duration of the SISP; and

(d) increase the Administration Charge;

5. For the reasons set out in this affidavit, I do verily believe that the Applicants are insolvent and are companies to which the CCAA applies.

PART III - URGENT NEED FOR RELIEF

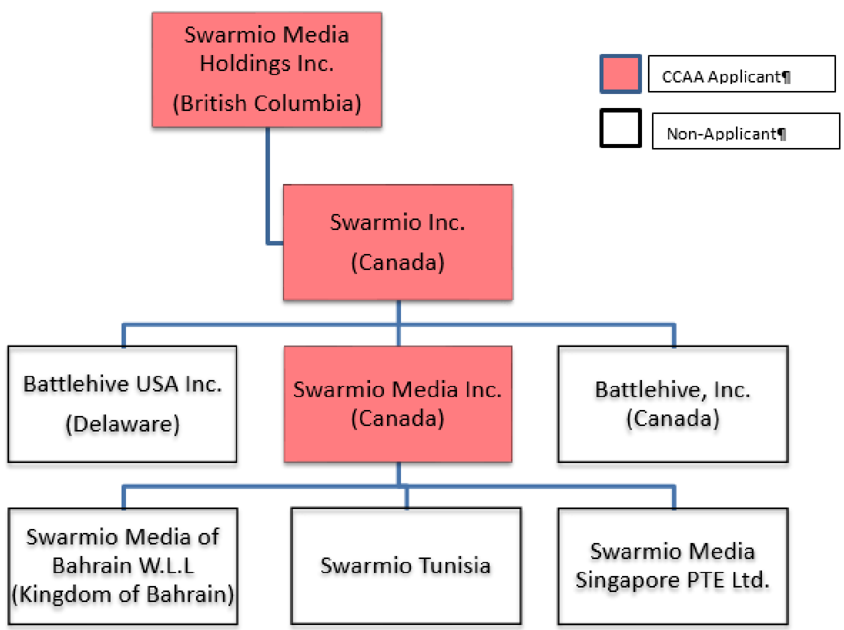
6. The Swarmio Group is an early stage, pre-revenue technology and media company focused on the video gaming sector. The Company is insolvent and unable to raise the capital necessary to fund its development. It has exhausted its liquidity and has not made payroll. It is in urgent need of relief under the CCAA.

7. Before bringing this application under the CCAA, the Company pursued numerous strategic alternatives over the last year and a half with no success. The Company requires the breathing room afforded by the CCAA to obtain interim financing, and design and implement a sale process to identify a value-maximizing transaction for the going-concern sale of the business. The Company expects that the DIP Lender will bid in the sale process.

PART IV - THE APPLICANTS

A. Corporate Structure

8. The Company's organizational chart is set out below.



a. Swarmio Media Holdings Inc. (Swarmio Parent)

9. Swarmio Parent is the publicly-listed parent company of the Swarmio Group. Its shares are listed on the Canadian Securities Exchange ("**CSE**") under the symbol "SWRM" and on the OTC QB under the symbol "SWMIF" and on the Frankfurt Stock Exchange under the symbol "U5U". It holds 100% of the equity of Swarmio Inc. Swarmio Parent was previously known as 1283332 B.C. Ltd.

10. Swarmio Parent is a British Columbia corporation incorporated on January 11, 2021. Its registered head office is located at 1430-800 West Pender Street, Vancouver, British Columbia and its records office is located at 321 Water Street, Suite 501 Vancouver, British Columbia. Swarmio Group's management team, including myself, is located primarily in the Greater

Toronto Area in Ontario. Its other employees, such as developers and software engineers, operate out of leased premises in Nova Scotia.

11. Attached as **Exhibit** "**A**" is a copy of the corporate profile report for Swarmio Parent.

b. Swarmio Inc. (Swarmio OpCo)

12. Swarmio OpCo is a wholly owned subsidiary of Swarmio Parent. It is the operating entity of the Swarmio Group and is a federal corporation under the *Canada Business Corporations Act*.

13. Swarmio OpCo's previous legal name was "UBIQUE Networks Inc.". The name change to "Swarmio Inc." occurred on September 25, 2014. Its head office is located at 1809 Barrington Street, Suite 505, Halifax, Nova Scotia.[1]

14. Swarmio OpCo employs the majority of the Company's employees and owns the majority of the Company's assets, including intellectual property. Employees are located in Ontario and Nova Scotia.

15. Attached as **Exhibit** "**B**" is a copy of the corporate profile report for Swarmio OpCo.

c. Swarmio Media Inc. (Swarmio Media)

16. Swarmio Media is a federal corporation incorporated on May 5, 2020. Its registered head office is located at 102-295 George Street, Sydney, Nova Scotia.

17. Swarmio Media is the signatory to a majority of the Company's material contracts with its key suppliers and partners.

18. Attached as **Exhibit** "**C**" is a copy of the corporate profile report for Swarmio Media.

d. Non-CCAA applicants

19. The following entities in the Company's corporate structure are not applicants in this CCAA proceeding (collectively the "**Non-CCAA applicants**"). They do not have material operations, assets, or liabilities:

(i) Battlehive USA, Inc.

(ii) Battlehive, Inc.

(iii) Swarmio Media of Bahrain W.L.L[2]

(iv) Swarmio Tunisia

(v) Swarmio Media Singapore PTE Ltd.

B. The Business and Operations

20. I co-founded the Company in 2015 as part of a research project affiliated with the University of Ottawa. During the initial two years of operations, with funding from governmental and non-governmental institutions, the Company developed software and technology for "low latency edge computing".

21. "Latency" refers to the amount of time it takes for data to travel from its source to its destination within a computer network or system. It is commonly used to measure the delay or lag experienced in various types of communication, such as network connections, internet browsing and online video gaming. Lower latency means faster transmission time. Low latency is particularly important for games, especially online gaming or "real time" games such as Call of Duty, League of Legends, and sports games such as FIFA. Games need faster data

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[1] The Company's corporate records including its registered head office are not up to date.

[2] This entity employs 3 individuals internationally and has employee obligations of approximately $19,000.

transmission across a network to properly function and maximize the gaming experience. "Edge computing" is a sector of network technology that facilitates low latency data transmission across a network. The Company's technology platform is therefore an attractive solution for gaming.

22. In 2020, at the onset of the Covid-19 pandemic, telecommunications companies experienced a steep increase in network usage because of, among other things, increased demand from gaming. This sparked telecommunications companies' interest in gaming as an offering for their users. At this time, Swarmio Group focused its efforts on developing technological solutions for telecommunication companies to offer a gaming platform to its users and share in a $200-billion global industry.

23. Typically, in North America, gamers create an account with a game publisher (*e.g.*, Battle.Net, Steam, EA Sports, PlayStation Network) or have their credit card information stored on their Apple or Android device. They can then make "in-game purchases" using their credit card. These "in-game purchases" generally improve gamers' experience by allowing a user to purchase items, improvements or other enhancements.

24. Outside of North America – especially in parts of the Middle East, Africa, Asia and Latin American regions – gamers do not have the same access to credit cards as North American gamers. But they overwhelmingly have cell phones with large telecommunication companies. Swarmio Group's technology is the solution for gamers in these underserviced regions who wish to make in-game purchases. It is also the solution for telecommunication companies to insert themselves into the gaming value chain.

25. Swarmio Group's technology and platform will allow users, without credit cards, to make

in-game purchases through their existing account with their telecommunication provider. The telecommunication provider contracts with Swarmio Group, directly or through its partners, to develop a platform that connects their users with game publishers and facilitates gaming and in game purchases. The Company and telecommunication operators will then earn a portion of the revenue generated from gamers' purchases through revenue sharing agreements.

26. The following is a summary of Swarmio Group's primary product offerings:

(a) Swarmio Hive for Telecommunications Operators: Swarmio Hive is a software-as-a-service (SaaS) solution for telecommunications operators. It provides a turn-key platform that permits telecommunications operators to penetrate the gaming market and monetize the use of gaming platforms by their own customers. Under this service, the Company delivers the platform to the telecommunications operator, and has a revenue sharing agreement with the telecommunications operator.

(b) Swarmio Matrix for Game Developers and Publishers: Swarmio Matrix is an edge computing platform that is meant to provide an enhanced gaming experience to gamers through technology that minimizes network lag or latency. The Company partners with telecommunications operators, global data centers and co-location providers to deploy Swarmio Matrix. These partners provide access to their servers and network, which operates to enhance the quality of experience for gamers using the network. The partner is compensated either based on the utilization of their physical infrastructure, or shares in the revenue it generates from the physical infrastructure.

(c) Swarmio Pay for Game Publishers and Game Content Distributors: Swarmio Pay is an alternate payment aggregation service that combines regional telecommunications DCB (Direct Carrier Billing) and electronic wallet payments solutions. Swarmio Pay provides a seamless and convenient payment experience by integrating various payment methods into a single platform. Swarmio Pay enables game publishers and content distributors to reach and monetize the gamers in regions where the credit card penetration is very low such as South Asia, North Africa and Latin America. Swarmio Pay charges a transaction fee for every transaction.

27. The business subscribes to software and technology infrastructure from large technology companies such as Amazon AWS and Google. This technology infrastructure is critical to our operations. These providers require a credit card on file to pay monthly subscription fees. In the ordinary course, since the Company did not have a corporate credit card, my credit card is saved on file with Amazon and Google. Amazon and Google bill my credit card and the Company reimburses me regularly (the "**Disbursement Procedures**"). The Company intends to continue to operate in the ordinary course including the Disbursement Procedures, with the oversight of the Proposed Monitor.

28. As further described below, the Company has significant contracts with telecommunication companies in Malaysia, Sri Lanka, Philippines, the United Arab Emirates, and Tunisia.

C. Employees

29. Prior to this filing, the Company had 22 full-time employees located in Canada. The Company also contracts with approximately 50 independent consultants to perform a wide-range of functions and services, including software development and project management. Most of the

Company's consultants are located outside of Canada.

30. Employees are paid bi-weekly in arrears. The Company is currently behind on its payroll obligations and owes approximately $1,099,097 to its Canadian employees as of June 10, 2023. One of the Company's Non-CCAA Applicants, Swarmio Media of Bahrain W.L.L, has 4 employees and employee obligations of approximately $19,000.

31. The Company does not have any unionized employees. Nor does it sponsor or administer any registered or unregistered pension plans. The Company provides a standard group benefit plan to its employees that covers extended heath care, dental care, life insurance, and accidental death and dismemberment insurance.

D. Key Customer Relationships

32. The Company's primary target market is telecommunication companies in the Middle East, North Africa Southeast Asia, and South Asia. The Company and its partners have established contractual relationships with several large telecommunication companies to develop, license and distribute Swarmio Group's technology as the gaming platform for their subscribers.

33. These relationships are critical to the Company's intended business model. They provide a large global user-base and distribution channel for the Company's technology. The Company has spent significant time and resources to develop customized solutions in order to foster these partnerships.

34. At present, the Company's key partnerships include some of the largest telecommunication providers in the world, including Etisalat by E& (UAE), Telekom Malaysia Berhad (Malaysia), Globe Telecom Inc. (Philippines) and Ooredoo (Tunisia).

PART V - FINANCIAL CIRCUMSTANCES AND CASH FLOW

35. The Company has a fiscal year-end of March 31. Attached as **Exhibit** "**D**" are the Company's audited consolidated financial statements for 2022 and 2021 and unaudited interim statements as at December 31, 2022 (the "**Financial Statements**").

A. Assets

36. As at December 31, 2022, the Company, on a consolidated basis, had assets totalling approximately $1.2 million, including $763,961 of current assets (cash and cash equivalents, accounts receivable, investment tax credit receivables, sales tax receivables, and prepaid expenses). The remaining assets, with a book value of approximately $448,240, are primarily intangible assets including intellectual property. The Company's primary intellectual property is a Patent registered in the United States and held by Swarmio OpCo.

37. The following shows the breakdown of Swarmio Group's assets as at December 31, 2022.

Expressed in Canadian dollars)		As at December 31, 2022		As at March 31, 2022
Assets				
Current assets				
Cash	$	**40,359**	$	1,628,242
Accounts receivable (Note 6)		**313,297**		7,244
Investment tax credit receivable		**185,748**		859,394
Sales tax receivable		**214,465**		270,811
Prepaid expenses		**10,092**		64,592
Total current assets		**763,961**		2,830,283
Non-current assets				
Right-of-use assets (Note 5)		**1,304**		13,041
Equipment (Note 7)		**15,646**		17,184
Intangible assets		**431,290**		207,934
Total non-current assets		**448,240**		238,159
Total assets	$	**1,212,201**	$	3,068,442

B. Liabilities

38. As at December 31, 2022, the Company, on a consolidated basis, had liabilities totalling $5,575,000, which is set out below in the excerpt from the Financial Statements. Since December 31, 2022, the Company has incurred at least $1.5 million in additional liabilities through secured and unsecured debt (described below) and trade payables. The total liabilities of the Company as at June 10, 2023 amount to approximately $10,266,328.

Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 8)	$	**1,666,344**	$	1,097,780
Lease financial liabilities (Note 5)		**1,904**		17,115
Derivative financial liabilities (Note 9)		**182,519**		-
Loans and borrowings (Note 9)		**1,860,872**		678,700
Total current liabilities		**3,711,639**		1,793,595
Non-current liabilities				
Loans and borrowings (Note 9)		**1,863,361**		1,283,599
Total non-current liabilities		**1,863,361**		1,283,599
Total liabilities		**5,575,000**		3,077,194

PART VI - CREDITORS OF SWARMIO GROUP

A. Government Claims

39. I believe the Company currently has a contingent source deduction obligation based on payroll arrears in the amount of approximately $288,289.00.

40. The Company has no outstanding HST obligations.

B. Secured Creditors

41. Below is a summary of the outstanding registrations against the Applicants under the personal property security legislation in Ontario, British Columbia and Nova Scotia ("**PPSA Registrations**"). Attached as **Exhibit** "**E**" is a copy of a summary of the PPSA Registrations,

together with certified copies of same.

Secured Party	Debtor(s)	Jurisdiction
2184907 Ontario Inc.	Swarmio Parent	British Columbia Nova Scotia Ontario
2873626 Ontario Ltd.	Swarmio Parent	British Columbia Nova Scotia Ontario
2797254 Ontario Inc.	Swarmio Parent	British Columbia Nova Scotia Ontario
Khan, MD Aseef Hannan	Swarmio Parent	British Columbia Nova Scotia Ontario
Joseph, Colin	Swarmio Parent	British Columbia Nova Scotia Ontario
Kolachalam, Arjun	Swarmio Parent	British Columbia Nova Scotia Ontario
Business Development of Canada	UBIQUE Networks Inc., Swarmio Inc.	Nova Scotia
Royal Bank of Canada[3]	UBIQUE Networks Inc., Swarmio Inc.	Ontario

42. Below is an overview of each of the Applicants' secured debt obligations.

a. 2184907 Ontario Inc.

43. Swarmio Parent is indebted to 2184907 Ontario Inc. ("**218**") in the principal amount of $1,000,000 pursuant to a Note Purchase Agreement (the "**218 Note Purchase Agreement**") and an ancillary Secured Promissory Note (the "**218 Promissory Note**"), both dated as of March 10, 2023 (collectively, the "**218 Note**"). Attached at **Exhibit** "**F**" is a copy of the 218 Note.

[3] The registration in favour of Royal Bank of Canada is expired, and no monies are currently owing by the Company to Royal Bank of Canada.

44. As security for the obligations under the 218 Note, Swarmio Parent granted a security interest in all of its present and after-acquired personal property in favour of 218 pursuant to a security agreement dated as of March 10, 2023 (the "**218 Security**"). A copy of the 218 security agreement is attached as **Exhibit** "**G**".

45. Neither of the other Applicants, Swarmio OpCo nor Swarmio Media, are borrowers or guarantors of the 218 Note. Neither Swarmio OpCo nor Swarmio Media granted security in favour of 218.

46. Pursuant to the 218 Note Purchase Agreement, the Company agreed to issue 5,000,000 warrants in favour of 218 for the principal amount of $1,000,000.

b. Business Development Bank of Canada (BDC)

47. Swarmio OpCo (under its former name, UBIQUE Networks Inc.) is party to two loan agreements with the Business Development of Canada (BDC) (together, the "**BDC Loan Agreements**"):

(a) a letter of offer dated April 5, 2017 in respect of a loan in the principal amount of $150,000, as amended by an amending letter dated October 13, 2017; and

(b) a letter of offer dated November 9, 2017 in respect of a loan in the principal amount of $100,000, as amended by an amending agreement dated November 14, 2017.

48. As security for the obligations under the BDC Loan Agreements, pursuant to a General Security Agreement dated April 5, 2017, Swarmio OpCo granted a security interest in all of its present and after-acquired personal property except consumer goods. Pursuant to guarantee

agreements dated as of April 5, 2017 and November 10, 2017, respectively (together the "**Guarantees**"), I personally guaranteed the obligations of Swarmio OpCo under the BDC Loan Agreements. Copies of the BDC Loan Agreements and the Guarantees are attached as **Exhibit** "**H**".

49. The Company has been making monthly payments on account of principal and interest to BDC. The outstanding balance under the BDC Loan Agreements as of May 20, 2023 was $38,100.

C. Subordinated Secured Creditors

50. Swarmio Parent owes the following parties (collectively, the "**Subordinated Secured Creditors**") an aggregate amount of $624,800, comprised of the following:

a. Joseph Colin Krishandan

51. Colin Joseph Krishandan ("**Colin Joseph**") made a loan available to Swarmio Parent in the principal amount of $90,000 pursuant to a secured promissory note issued by Swarmio Parent in favour of Colin Joseph, as extended by an extension agreement dated December 30, 2022 (the "**Colin Joseph Note**"). A copy of the Colin Joseph Note and the extension agreement are attached as **Exhibit** "**I**". There is currently $111,706 outstanding under the Colin Joseph Note.

b. 2873626 Ontario Limited

52. 2873626 Ontario Ltd. ("**287**") made a loan available to Swarmio Parent in the principal amount of $50,000 pursuant to a secured promissory note issued by Swarmio Parent in favour of 287, as extended by an extension agreement dated as of December 30, 2022 (the "**287 Note**"). A copy of the 287 Note and the extension agreement are attached as **Exhibit** "**J**". There is currently $62,296 outstanding under the 287 Note.

c. Mo Aseef Hannan Khan

53. Mohammed Aseef Hannan Khan ("**Khan**") made a loan available to Swarmio Parent in the principal amount of USD $200,000 pursuant to a secured promissory note issued by Swarmio Parent in favour of Khan, as extended by an extension agreement dated as of December 30, 2022 (the "**Khan Note**"). A copy of the Khan Note and the extension agreement are attached as **Exhibit** "**K**". There is currently $312,034 outstanding under the Khan Note.

d. Arjun Kolachalam

54. Arjun Kolachalam ("**Kolachalam**") made a loan available to Swarmio Parent in the principal amount of USD $50,000 pursuant to a secured promissory note issued by Swarmio Parent in favour of Kolachalam, as extended by an extension agreement dated as of December 30, 2022 (the "**Kolachalam Note**"). A copy of the Kolachalam Note and the extension agreement are attached as **Exhibit** "**L**". There is currently $77,016 outstanding under the Kolachalam Note.

e. 2797254 Ontario Inc.

55. 2797254 Ontario Inc. ("**279**") made a loan available to Swarmio Parent in the principal amount of $50,000 pursuant to a secured promissory note issued by Swarmio Parent in favour of 279, as extended by an extension agreement dated as of December 30, 2022 (the "**279 Note**"). A copy of the 279 Note and the extension agreement are attached as **Exhibit** "**M**". There is currently $61,657 outstanding under the 279 Note.

D. Inter-Creditor Arrangements

56. Swarmio Parent, 218 and the Subordinated Secured Creditors are party to a postponement and subordination agreement dated as of March 10, 2023 (the "**Subordination Agreement**").

The Subordinated Secured Creditors agreed to subordinate and postpone their security and all payments in favour of 218. A copy of the Subordination Agreement is attached as **Exhibit** "**N**".

57. Under the 218 Note, 218 agreed with the Company that its security would be subordinate to the security held by BDC and Community Business Development Corporation in the amount of $325,000, but, to my knowledge, 218 and BDC did not enter into an inter-creditor agreement among them.

E. Unsecured Creditors

a. Funded Debt

(1) Community Business Development Corporation

58. Swarmio OpCo is party to two loan agreements with the Community Business Development Corporation, through Coastal Business Opportunities Incorporated ("**CBDC**") (together, the "**CBDC Loan Agreements**"):

(a) a letter of offer dated March 31, 2020 in respect of a loan in the principal amount of $166,625.00;

(b) a letter of offer dated July 28, 2021 in respect of a loan in the principal amount of $142,332.

59. Pursuant to an agreement between myself, CBDC and Swarmio OpCo, I agreed to personally guarantee the CBDC loans. The CBDC Loan Agreements and the executed guarantee in respect of same are attached as **Exhibit** "**O**".

60. The Company has made monthly payments on account of principal and interest to CBDC but has missed several monthly payments. The outstanding balance under the CBDC Loan as of

May 20, 2023 was $280,900.

(2) Government Loans

61. Swarmio OpCo (under its former name UBIQUE Networks, Inc.) received loans from Atlantic Canada Opportunities Agency ("**AOCA**") in the total amount of $2,227,993. The AOCA is based in the Province of Nova Scotia and provides funding pursuant to a government program established to increase opportunities for economic development by supporting start-up projects.

62. Swarmio OpCo is party to a number of contribution agreements with the AOCA (collectively, the "**AOCA Agreements**"), under which AOCA advanced the loans. Attached as **Exhibit** "**P**" are copies of the AOCA Agreements.

63. Each AOCA Agreement relates to a particular project and/or activity undertaken in the Company's research and development and commercialization of its products:

Date of Contribution Agreement	Amount of Funding	Project
September 30, 2015	$500,000	Develop a "lagless" gaming experience
December 13, 2016	$468,750	Commercialize recently developed "lagless" gaming technology
March 21, 2017	$50,000	Hire a chief revenue officer
April 4, 2018	$500,000	Execute go to market strategy
October 19, 2018	$50,000	Hire financial controller to streamline financial planning
September 30, 2019	$250,000	Commercialize Swarmio eSports Platform in South Asia
May 29, 2020	$100,000	Provide operating capital to alleviate cash flow challenges as a result of Covid-19
August 18, 2021	$50,000	Hire a Vice President, Product Strategy
August 11, 2022	$500,000	Commercialize Swarmio eSports platform in the Philippines

64. Swarmio OpCo also received a Canada Emergency Business Account ("**CEBA**") loan in the amount of $60,000. Of this amount, $40,000 is due and payable on December 31, 2023, and $20,000 should be forgiven pursuant to the terms of the CEBA loan.

(3) Elie Jeitani

65. Elie Jeitani ("**Jeitani**") made a number of loans to Swarmio Parent pursuant to a series of unsecured promissory notes (collectively, the "**Jeitani Promissory Notes**"):

(a) a promissory note dated September 12, 2022 in the principal amount of USD $100,000;

(b) a promissory note dated December 6, 2022 in the principal amount of USD $100,000;

(c) a promissory note dated January 3, 2023 in the principal amount of USD $100,000; and

(d) a promissory note dated February 28, 2023 in the principal amount of USD $200,000.

66. A copy of the Jeitani Promissory Notes are attached as **Exhibit** "**Q**". The Jeitani Promissory Notes were extended on a number of occasions, including most recently on April 28, 2023 (the "**Jeitani Extension Agreement**"). The Jeitani Promissory Notes became due and payable on May 31, 2023. A copy of the Jeitani Extension Agreement (unsigned) is attached as **Exhibit** "**R**" There is currently $731,599 outstanding under the Jeitani Promissory Notes.

67. Jeitani is the founder and CEO of Westbridge Telecom ("**Westbridge**"), a U.S. based wholesale provider of telecommunications products and services in various regions including Asia, Africa and the Middle East. The Company is party to a distribution agreement with Westbridge pursuant to which Westbridge distributes Swarmio Group's gaming platform to its

clients, including certain of Swarmio Group's telecommunications partners.

68. As indicated below, Jeitani is the principal of the proposed DIP lender, and is expected to bid in the sale process.

(4) Georges Gabi Azar

69. Georges Gabi Azar ("**Azar**") made a loan to Swarmio Parent in the amount of USD $100,000 pursuant to an unsecured promissory note dated February 28, 2023 ("**Azar Promissory Note**"). A copy of the Azar Promissory Note is attached as **Exhibit** "**S**".

70. The Azar Promissory Note bears interest at an annual rate of 25% per annum and became due and payable on March 31, 2023. There is currently $146,781 outstanding under the Azar Promissory Note, including principal and interest.

(5) Wittigsberg as (Appelby), Czech Republic

71. Wittigsberg as (Appelby), Czech Republic ("**Wittigsberg**") and Swarmio Parent are party to a convertible promissory note agreement ("**Convertible Note**") in the principal amount of USD $500,000. There is currently $658,200 outstanding under the Convertible Note. Attached as **Exhibit** "**T**" is a copy of Convertible Note.

b. Other Unsecured Creditors

(1) Trade Creditors

72. The Company is currently indebted to trade creditors in the aggregate amount of $2.1 million attributable to various trade creditors.

(2) Employee Claims

73. The Company has approximately $1,099,097 in unpaid wages up to June 10, 2023.

F. Equity Interests and Share Capital Contributions

74. The Company has approximately 110,453,430.90 issued and outstanding shares. As at the close of business on May 30, 2023, the share price was $0.05 with a market capitalization of $5,522,672.

75. As at December 31, 2022, the Company had issued 10,492,506 warrants carrying value of $366,551.00.

76. According to the Financial Statements, the total shareholders' deficiency as at December 31, 2022 was approximately $4,362,799.

PART VII - CHALLENGES AND LIQUIDITY ISSUES FACED BY APPLICANTS AND STRATEGIC INITIATIVES

77. The Company has spent years developing its technology focused on gaming. In November 2021, the Company listed on the Canadian Securities Exchange through a reverse takeover ("**RTO**") transaction on the strength for gaming and for technology companies in the public markets during the covid-19 pandemic. The Company raised $9 million from public shareholders as part of the RTO. The Company utilized this funding to execute on its strategy.

78. The Company ran into a number of unanticipated challenges. First, because of the size and scale of its telecommunications partners, the Company experienced a lengthier-than-expected sales cycle.

79. Second, after obtaining initial buy-in from a telecommunication partner following a lengthy sales cycle, the parties negotiated contractual terms. In certain circumstances, the commercial relationship required tri-partite or mirroring contracts among Swarmio Group, the

telecommunications provider and one of Swarmio Group's regional marketing partners. This process took longer than anticipated.

80. Third, after finalizing contractual terms, implementation and integration of Swarmio Group's technology into the telecommunication provider's existing platform followed. This implementation and integration process was longer than anticipated. In some cases, integration required Swarmio Group to build bespoke software.

81. Finally, upon completion of implementation and integration, the roll-out and uptake of the gaming platform by the end-user (i.e., the telecommunication provider's customers) has taken longer than expected. The contractual arrangements with telecommunications providers obligate Swarmio Group to participate in and contribute resources towards the telecommunication provider's marketing efforts of its gaming platform (powered by Swarmio technology). The Company experienced a gap between its marketing efforts and ultimate uptake by users of the new gaming platform.

82. The Company remains pre-revenue as it continues this sales, implementation and marketing process, and has exhausted the liquidity raised from its initial public offering. In addition, rising costs and inflation following the Covid-19 pandemic experienced across all industries similarly adversely impacts the Company's operations.

83. In 2022, the frothy public markets precipitously softened for early stage pre-revenue technology companies. The Company's share price suffered. The public markets were no longer a source for additional capital.

84. Throughout 2022, the Company survived on debt financing raised from the Subordinated Secured Creditors, who are primarily employees and other related parties. But with an average

monthly burn rate of approximately $500,000, funding from the Subordinated Secured Creditors was insufficient to satisfy the Company's ongoing operations for an extended period. The Company's management also provided an additional equity injection of approximately $1 million.

85. The Company also pursued other strategic alternatives:

(a) In and around Q2 of 2022, the Company initiated discussions regarding potential equity financing of approximately USD$10 million from one of its telecommunications partners. The parties entered into a letter of intent, but the transaction never ultimately materialized.

(b) The Company pursued a potential sale of its business to a third party. The parties signed a non-disclosure agreement and conducted due diligence, but a transaction did not materialize.

(c) The Company explored a sale transaction with another third party. The parties exchanged a draft letter of intent and non-disclosure agreement. The third party conducted due diligence. But, again, a transaction did not materialize.

(d) One of the Company's other telecommunications partners expressed an interest in acquiring the Company. Those discussions did not progress fast enough because of the Company's dire liquidity. The Company is optimistic that this party may participate in the sale process for which the Company will seek court approval at the Comeback Hearing.

86. In parallel with these strategic discussions, the Company explored other opportunities to generate revenue. In Q3 of 2022, the Company started a new business line (separate from its

gaming business) that leveraged its telecom relationships to facilitate international long-distance calling, known as "**Interconnect Services**". Although the Company generated approximately $4.3 million in gross revenue during Q3 of 2022, profit was negligible. The direct cost of providing Interconnect Services exceeded $4 million during the same period, *plus* overhead costs. The Company decided to discontinue this strategy in 2023.

87. In March, 2023, after the Company exhausted its financing from the Subordinated Secured Creditors, the Company raised $1 million of secured debt from 218 under the 218 Note. This provided additional runway until the end of Q1 2023. But the Company has now exhausted all of its available liquidity. It has missed a number of employee payroll cycles. The Company continues to work diligently to maintain positive relationships with employees despite the missed payroll. I am grateful for our employees' support during these difficult times.

88. In the last several weeks, the Company received letters from trade creditors demanding payment of overdue amounts. These demands are in respect of fees owed from marketing agencies, public relations advisors, and other cloud service providers. Copies of those demands and emails are attached as **Exhibit** "**U**".

PART VIII - NEED FOR CCAA PROCEEDING

89. Given its liquidity challenges, the Company, in consultation with its advisors, has determined that it is in the Company's best interests to seek creditor protection pursuant to the CCAA, and to proceed to design and implement a sale process for the sale of the Company's business.

90. Swarmio Group is a specialized business that requires the technology and expertise of its founders to succeed. The Company believes the likely purchaser will be a strategic partner that

has an existing relationship with the Company (*i.e.*, a telecommunications provider) or one of the parties that has previously entertained a sale or investment transaction, as described above.

91. The Company intends to utilize this initial 10-day period to maintain operations, communicate with its employees, strategic partners and other stakeholders, develop a sale process, which may include a stalking horse purchase agreement with the DIP Lender, and finalize court materials for the Comeback Hearing.

PART IX - RELIEF SOUGHT

92. The Company is seeking an Initial Order substantially in the form attached as **Tab** "**3**" to the Application Record.

A. Stay of Proceedings

93. The Company requires a stay of proceedings to maintain the *status quo* and to give the Applicants the breathing space they require to develop a sales process.

94. The proposed Initial Order contemplates a stay period of 10 days, which I understand is the maximum that can be authorized by a court at the initial application under the CCAA.

B. Appointment of Monitor

95. The Applicants seek the appointment of Grant Thornton Limited ("**GT**") as Monitor of the Applicants in these CCAA proceedings.

96. GT has consented to act as the Monitor, subject to Court approval. GT has not been the auditor of the Applicants within the last two years and is not otherwise restricted from acting as the Monitor. Attached as **Exhibit** "**V**" hereto is a copy of the Proposed Monitor's consent.

C. Director's Charge

97. The Company's Directors' and Officers' insurance policy expired on November 30, 2022. The cost of a new policy will be in the range of $55,000 and may contain unfavourable exclusions. In the circumstances, the Company seeks the Directors' Charge as security for the Applicants' indemnification for possible liabilities that may be incurred by the current directors and officers, to a maximum of $100,000.

98. The proposed quantum of the Directors' Charge was decided upon with the input of the Monitor's counsel. I am concerned that the Company's directors and officers may become subject to ultimately meritless post-filing litigation claims. The Directors' Charge is intended to reflect reasonable legal fees that may be incurred in defending such claims.

99. The Directors' Charge is proposed to rank behind the Administration Charge and the DIP Lender's Charge. The Directors' Charge is required in order to provide a level of protection to the directors and officers with respect to possible liabilities imposed on individuals in their capacity as directors and officers of a corporation in CCAA protection. I believe the quantum of the Directors' Charge is reasonably required at this time. Based on current information available, the Company does not intend to seek an increase to the Directors' Charge.

D. Approval of DIP Financing and DIP Lender's Charge

100. On June 19, 2023, the Company entered into a debtor-in-possession term sheet (the "**DIP Term Sheet**") with Triaxcess Ltd. (the "**DIP Lender**") to provide a non-revolving loan in the maximum aggregate principal amount of $135,000. Jeitani is the principal of the DIP Lender. As noted above, Jeitani is the CEO and founder of Westbridge, a major telecommunications company and key supplier of the Company. The Company expects the DIP Lender to potentially act as a stalking horse bid or otherwise bid in the sale process.

101. A copy of the DIP Term Sheet is attached as **Exhibit** "**W**". The purpose of the DIP financing is to fund the Company's working capital needs and professional fees and expenses during the Initial Stay Period. The key terms of the DIP Term Sheet are as follows (all terms capitalized but not defined below are as defined in the DIP Term Sheet:

(a) **Principal Amount**: $135,000

(b) **Interest**: 12% per annum

(c) **Commitment Fee**: $28,000, representing 2% of the total amount ultimately to be made available under the DIP facility and only payable if further advances beyond the First Advance are made to the Company following approval of an increased DIP Lender's Charge at the Comeback Hearing.

102. The availability of the First Advance under the DIP Facility is subject to and conditional upon the issuance of the proposed Initial Order, including approval of the DIP Term Sheet and the DIP Lender's Charge. It is contemplated that the funds advanced under the DIP Facility will be utilized in accordance with the Cash Flow Forecast attached as **Exhibit** "**X**".

103. In addition to the approval of the DIP Term Sheet, the Company seeks a charge in favour of the DIP Lender to secure advances made under the DIP Term Sheet until the Comeback Hearing, which is anticipated to be approximately $135,000. As between the Court-ordered charges, the DIP Lender's Charge is proposed to rank as a second-in-priority charge on the Company's property and assets, subject only to the proposed Administration Charge.

E. Administration Charge

104. The Company seeks a super-priority charge over the Swarmio Group's Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor and counsel to the

Applicants (the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order.

105. The proposed Administration Charge being sought is for a maximum amount of $100,000.

106. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants' restructuring efforts.

107. In preparation of the Cash Flow Forecast, the Applicants, in consultation with the Proposed Monitor, considered the professional fees forecasted to be incurred on a weekly basis during the cash flow period.

108. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the Professionals Group.

F. Authorization to Incur no Further Costs in Connection with Securities Filings

109. The Applicants seek authorization to dispense with certain securities filing requirements. In particular, the Applicants seek authorization for Swarmio Parent to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial, or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including without limitation, the *Securities Act (Ontario)*, RSO 1990 c S. 5 and comparable statutes enacted by other provinces of Canada, and the rules, regulations and policies of the CSE.

110. In my view, incurring the time and costs associated with preparing the Securities Filings will detract from the Applicants limited resources. It is expected that the Company will continue as a private company following completion of a sale transaction. Further, there is no prejudice to stakeholders given that detailed financial information and other information regarding the Applicants will continue to be made publicly available through the materials filed in these CCAA proceedings.

G. Relief to be Sought at Comeback Hearing

111. If the Initial Order is granted, then the Applicants propose to return to this Court for a Comeback Hearing on June 30, 2023.

112. At the Comeback Hearing, the Applicants intend to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Applicants' stakeholders, this section highlights critical relief that the Applicants intend to seek at the Comeback Hearing. The Applicants may seek additional relief if determined to be necessary or advisable.

i) Extension of Stay of Proceedings

113. The Applicants intend to seek an extension of the Initial Stay Period for a sufficient length of time to allow the Applicants to conduct and complete a sale and investment solicitation process.

ii) Approval of a Sale and Investment Solicitation Process

114. The Applicants intend to seek approval of a SISP. The goal of the SISP will be to comprehensively canvass the market, with the assistance of the Monitor, to identify a purchaser for the Company's business.

iii) Increase to Quantum of Charges

115. The Company intends to seek an increase to the quantum of the Administration Charge to $300,000 and to the DIP Lender's Charge to $1.5 million, if appropriate.

116. The Company does not expect to seek an increase in the quantum of the Directors' Charge.

PART X - FORM OF ORDER AND CONCLUSION

117. The Applicants, with the assistance of their legal and financial advisors, have determined that the proposed CCAA proceedings represent the best available strategy to maximize value for the Company's stakeholders. This affidavit is sworn in support of the Applicants' application for protection pursuant to the CCAA and an order in the form of the draft order at **Tab** "**3**" to the Application Record and for no other purpose.

SWORN BEFORE ME via video-conference with the deponent in the Town of Ajax, in the Province of Ontario, and the Commissioner in the City of Mississauga in the Province of Ontario this 20th day of June, 2023

DocuSigned by:
89D3513E00154C8...
VIJAI KARTHIGESU

DocuSigned by:
Monica Faheim
A927B2B446B742A...
MONICA FAHEIM
A Commissioner for taking Affidavits *(or as may be)*

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

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

Applicants

Court File No.: CV-23-00701377-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

AFFIDAVIT OF VIJAI KARTHIGESU
(INITIAL APPLICATION)

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Lawyers for the Applicants

APPENDIX "C"

Court File No.: CV-23-00701377-00CL

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 THE COMPROMISE OR ARRANGEMENT OF SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC.

(collectively the "**Swarmio Group**")

On June 21, 2023, the Swarmio Group obtained protection under the *Companies' Creditors Arrangement Act* pursuant to an Initial Order issued by the Ontario Superior Court of Justice (Commercial List) and where Grant Thornton Limited was appointed as Monitor.

A copy of the Initial Order and other relevant materials are available on the Monitor's website at: www.GrantThornton.ca/Swarmio.

Those wishing to receive a copy of the Initial Order by mail or to contact a representative of the Monitor can call: +1 (416) 360-5131 or email: David.Collins@ca.gt.com.

Grant Thornton

APPENDIX "D"

Swarmio Media Holdings Inc., Swarmio Inc., and Swarmio Media Inc.
Weekly Cash Flow Projection
Prepared as at June 26, 2023

Week Ended (CDN $)		23-Jun-23 Week 1	30-Jun-23 Week 2	07-Jul-23 Week 3	14-Jul-23 Week 4	21-Jul-23 Week 5	28-Jul-23 Week 6	04-Aug-23 Week 7	11-Aug-23 Week 8	18-Aug-23 Week 9	25-Aug-23 Week 10	01-Sep-23 Week 11	Total
Cash Receipts													
Collections	*Note 1*	3,885	-	-	-	4,436	-	-	-	7,982	-	56,700	73,003
Debtor in Possession Financing	*Note 2*	135,000	500,000	500,000	365,000	-	-	-	-	-	-	-	1,500,000
Other Projected Financing		-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts		138,885	500,000	500,000	365,000	4,436	-	-	-	7,982	-	56,700	1,573,003
Cash Disbursements													
Operational													
Salary and Benefits	*Note 3*	(48,999)	(154,205)	(48,999)	-	(48,999)	(143,155)	(48,999)		(48,999)	(108,155)	(48,999)	(699,509)
Content and Processing Fees		(3,691)	-	-	-	(4,215)	-	-	-	(7,583)	-	-	(15,489)
Data Processing		(2,715)	(4,102)	(2,131)	(791)	(4,872)	(2,601)	(2,265)	(5,268)	(2,601)	(100)	-	(27,446)
Infrastructure		-	(42,699)	-	-	-	(42,699)	-	-	(42,699)	-	-	(128,097)
Payment Integration Services		-	(13,964)	-	-	-	(13,964)	-	-	(13,964)	-	-	(41,892)
Administrative / Office		(1,095)	(6,630)	-	-	(1,095)	(6,630)	-	(1,095)	(6,630)	-	-	(23,175)
Advertising and Marketing	*Note 4*	(3,000)	(12,600)	-	(3,000)	-	(12,600)	(3,000)	-	(12,600)	-	-	(46,800)
Inventory Purchases	*Note 5*	(5,000)	(5,000)	-	(5,000)	-	(5,000)	(5,000)	-	(5,000)	-	-	(30,000)
Other Costs	*Note 6*	(194)	-	-	-	(3,912)	-	-	-	(784)	-	-	(4,890)
												-	-
Restructuring Fees	*Note 7*											-	-
Legal Fees		-	(100,000)	(75,000)	-	(25,000)	-	-	(50,000)	(50,000)	-	-	(300,000)
Monitor Fees		-	(100,000)	(50,000)	-	(25,000)	-	-	(25,000)	(50,000)	-	-	(250,000)
Total Cash Disbursements		(64,694)	(439,200)	(176,130)	(8,791)	(113,093)	(226,649)	(59,264)	(81,363)	(240,860)	(108,255)	(48,999)	(1,567,298)
Net Cash Flow		74,191	60,800	323,870	356,209	(108,657)	(226,649)	(59,264)	(81,363)	(232,878)	(108,255)	7,701	5,705
Opening Cash		-	74,191	134,991	458,861	815,070	706,413	479,764	420,500	339,137	106,259	(1,996)	
Closing Cash		**74,191**	**134,991**	**458,861**	**815,070**	**706,413**	**479,764**	**420,500**	**339,137**	**106,259**	**(1,996)**	**5,705**	

Disclaimers

1. This statement of Cash Flow Forecast has been prepared by Swarmio Media Holdings Inc., Swarmio Inc., and Swarmio Media Inc. (collectively, the "**Company**").
2. Based on the Company's work and the Monitor's review, nothing has come to our attention that causes us to believe that, in all material respects, (i) the hypothetical assumptions are not consistent with the purpose of the cash flow; (ii) as at the date of the First Report, the probable assumptions developed are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the cash flow, given the hypothetical assumptions; or, (iii) the cash flow does not reflect the probable and hypothetical assumptions.
3. The information contained in the Cash Flow Forecast is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This Cash Flow Forecast 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.
4. The Cash Flow Forecast period is intended to cover a sufficient period of time for a sale process to be conducted and a successful purchaser identified.

Notes:

1. Collections are based on the Company's best estimate on the receipt of sales and contractual commitments from customers.
2. The Company plans to use Debtor in Possession financing to support operations during the Cash Flow Forecast period.
3. Salary and related payments are based on contractual arrangements in place with the respective employees.
4. Advertising and Marketing relates to the maintainance of critical relationships or events that are considered of high value to the Company's continued operation.
5. Inventory relates to purchases of telecom pre-paid cards for marketing and operations during the Cash Flow Forecast period.
6. Other Costs relate to small operational costs expected to be incurred in the normal course of business.
7. Restructuring Fees relate to the estimated cost of the CCAA proceedings and include the Company's counsel, Monitor's fees, and the Monitor's Counsel's fees.
8. The Company's Cash Flow Forecast does not contemplate the payment of pre-filing creditors and only inter-period costs for ongoing operations.

June 26, 2023

DocuSigned by:

Swarmio Media Holdings Inc.,
Swarmio Inc., and Swarmio Media Inc.
Per. Vijai Karthigesu, CEO

Grant Thornton Limited, Monitor
per. Daniel Wootton

APPENDIX "E"

Sale and Investment Solicitation Process
Swarmio Media Holdings Inc., Swarmio Inc., Swarmio Media Inc.

Introduction

1. On June 21, 2023, Swarmio Media Holdings Inc. and its subsidiaries, Swarmio Inc. and Swarmio Media Inc. (collectively, the "**Applicants**") were granted an initial order (as amended or amended and restated from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**CCAA Proceedings**") by the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

2. On June 30, 2023, the Court issued an order (the "**SISP Approval Order**") approving, and authorizing the Applicants to commence a sale and investment solicitation process ("**SISP**") in accordance with the terms of these bidding procedures.

3. According to the SISP Approval Order, Grant Thornton Limited, in its capacity as the Court-appointed Monitor of the Applicants (in such capacity, the "**Monitor**") will conduct the SISP with the assistance of the Applicants. The SISP is intended to solicit interest in a sale of the assets and/or business of the Applicants by way of a share purchase, asset purchase, merger, reorganization, recapitalization, or other similar transaction. The Applicants intend to provide all qualified interested parties with an opportunity to participate in the SISP.

Opportunity

4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Applicants as a going concern or a sale of all, substantially all or one or more components of the Applicants' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise. The SISP will solicit bids for the Property and Business, with the highest and/or best bid being the "**Successful Bid**", as determined in accordance with the terms and conditions contained herein.

5. Except to the extent otherwise set forth in a definitive sale or investment agreement with the party submitting the Successful Bid (the "**Successful Bidder**"), any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.

Timeline

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

Milestone	Deadline
Deadline to Publish Notice of SISP and deliver Teaser Letter and NDA to Known Potential Bidders	As soon as practicable following the issuance of the SISP Order
Phase 1 Due Diligence Period	July 3, 2023 to July 24, 2023
Phase 1 Bid Deadline	July 25, 2023
Phase 2 Due Diligence Period	July 26, 2023 to August 13, 2023
Phase 2 Bid Deadline	August 14, 2023
Auction Date	August 18, 2023
Sale Approval Motion	No later than August 28, 2023, subject to the availability of the Court
Closing	September 7, 2023

7. Subject to any order of the Court, the dates set out in the SISP may be extended by the Monitor with the consent and approval of the Applicants.

Solicitation of Interest: Notice of the SISP

8. As soon as reasonably practicable, but in any event by no later than July 3, 2023:

(a) the Monitor, in consultation with the Applicants, will prepare a list of potential bidders, including: (i) parties that have previously expressed an interest in the Opportunity; (ii) parties that have approached the Applicants or the Monitor indicating an interest in the Opportunity; and (iii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in the Applicants pursuant to the SISP, in each case whether or not such party has submitted a letter of intent or similar document (collectively, "**Known Potential Bidders**");

(b) the Monitor will arrange for a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the "**Notice**") to be published in The Globe and Mail (National Edition), and any other newspaper or journal as the Applicants, in consultation with the Monitor, consider appropriate, if any; and

(c) the Monitor, in consultation with the Applicants, 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 SISP; and (ii) a non-disclosure agreement ("**NDA**") in form and substance satisfactory to the Applicants and the Monitor, and their respective counsel.

9. The Monitor will send the Teaser Letter and NDA to each Known Potential Bidder by no later than July 7, 2023 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

10. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must provide to the Applicants and the Monitor an NDA executed by it, and which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

11. The Monitor, in consultation with the Applicants, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Monitor and provided information as to their financial wherewithal to close a transaction such access to due diligence material and information relating to the Property and Business as the Applicants or the Monitor deem appropriate. Due diligence shall include access to a confidential electronic data room (the "**Data Room**") containing information about the Applicants and the Business. The Data Room shall be made available as soon as practicable and may include standard financial information, management presentations and material contracts, together with other materials which a Potential Bidder may reasonably request and as to which the Applicants, in their reasonable business judgment and after consulting with the Monitor, may agree. Following the completion of Phase 1 of the SISP, additional information may be added to the Data Room to enable Phase 1 Qualified Bidders (as defined herein) to complete any confirmatory due diligence required in connection with submitting a Phase 2 Bid (as defined herein). The Monitor, in consultation with the Applicants, may establish or cause the Applicants to establish separate Data Rooms if the Applicants reasonably determine that doing so would further the Applicants' and any Potential Bidders' compliance with applicable laws, or would prevent significant harm to the Business, including the distribution of commercially sensitive competitive information to competitors. The Monitor may also, in consultation with the Applicants, limit the access of any Potential Bidder to any confidential information in the Data Room where the Monitor, in consultation with the Applicants, reasonably determines that such access could negatively impact the SISP, the ability to maintain the confidentiality of the information, the Business or its value. Without limiting the generality of the foregoing, the Monitor and the Applicants intend to limit access to especially sensitive proprietary information, including source code, by providing supervised access to physical documents in Phase 2 of the SISP.

12. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Potential Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

Neither the Applicants nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the sale of the Property or the Business.

13. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Applicants.

Phase 1: Conditional Offers

14. Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (each a "**Phase 1 Bidder**") shall submit a binding offer (a "**Phase 1 Bid**") to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (Eastern Time) on July 25, 2023** or as may be modified by the Monitor in accordance with this SISP (the "**Phase 1 Bid Deadline**").

15. A Phase 1 Bid shall be deemed to be a "**Phase 1 Qualified Bid**" if it satisfies the following criteria, as determined by the Monitor in accordance with the terms of this SISP:

(a) the Phase 1 Bid must be either a binding offer to:

(i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); and/or

(ii) make an investment in, restructure, reorganize or refinance the Business or the Applicants (an "**Investment Proposal**");

(b) the Phase 1 Bid shall be: (a) in the case of a Sale Proposal, in the form of the template agreement of purchase and sale provided in the Data Room, along with a marked version showing edits to the original form of the template provided; or (b) in the case of an Investment Proposal, a plan or restructuring support agreement in form and substance satisfactory to the Monitor, in consultation with the Applicants;

(c) the Phase 1 Bid shall be binding, but may be conditional upon further due diligence to be conducted during Phase 2 of the SISP and, for certainty, the Phase 1 Bid may be amended following the completion of such diligence;

(d) the Phase 1 Bid (either individually or in combination with other bids that make up one bid) shall be an offer to purchase or make an investment in some or all of the Applicants or their Property or Business and shall be consistent with any necessary terms and conditions established by the Applicants and the Monitor and communicated to Potential Bidders;

(e) the Phase 1 Bid shall include duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;

(f) the Phase 1 Bid shall fully disclose the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such Phase 1 Bid;

(g) the Phase 1 Bid shall be accompanied by a deposit equal to at least 15% of the Purchase Price offered by the Phase 1 Bidder, in the case of a Sale Proposal, or at least 15% of the total new investment contemplated in the bid, in the case of an Investment Proposal (the "**Deposit**"), along with acknowledgements that: (i) the Deposit will be retained by the Monitor and deposited in a non-interest bearing trust account; (ii) the Deposit is non-refundable, subject to approval of the Successful Bid by the Court, and if the Phase 1 Bidder is not selected as the Successful Bidder, the Deposit will be refunded as soon as practicable following the closing of the transaction contemplated by the Successful Bid; (iii) if the Phase 1 Bidder is selected as the Successful Bidder, the Deposit will be applied to the Purchase Price at the closing of the transaction contemplated by the Successful Bid;

(h) for a Sale Proposal, the Phase 1 Bid shall include:

   (i) the Purchase Price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Phase 1 Bidder and key assumptions supporting the valuation;

   (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;

   (iii) a specific indication of the financial capability of the Phase 1 Bidder and the expected structure and financing of the transaction, including a whether the Phase 1 Bidder anticipates using a "reverse vesting" structure;

   (iv) a description of the conditions and approvals required to complete the closing of the transaction, including any remaining diligence to be completed;

   (v) a description of those liabilities and obligations (including operating liabilities) which the Phase 1 Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and

   (vi) any other terms or conditions of the Sale Proposal that the Phase 1 Bidder believes are material to the transaction;

(i) for an Investment Proposal, the Phase 1 Bid shall include:

   (i) a description of how the Phase 1 Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;

   (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars;

   (iii) the underlying assumptions regarding the pro forma capital structure;

   (iv) a specific indication of the sources of capital for the Phase 1 Bidder and the structure and financing of the transaction;

   (v) a description of the conditions and approvals required to complete the closing of the transaction, including any remaining diligence to be completed;

(vi) a description of those liabilities and obligations (including operating liabilities) which the Phase 1 Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and

(vii) any other terms or conditions of the Investment Proposal; and

(j) the Phase 1 Bid shall be received by no later than the Phase 1 Bid Deadline.

16. Following the Phase 1 Bid Deadline, the Applicants and the Monitor will assess the Phase 1 Bids received and seek clarification with respect to any of the terms or conditions of such Phase 1 Bids and/or request and negotiate one or more amendments to such Phase 1 Bids prior to determining whether a Phase 1 Bid constitutes a Phase 1 Qualified Bid. The Monitor, in consultation with the Applicants and with the approval of the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Phase 1 Bids to be a Phase 1 Qualified Bid.

17. Following such process, the Monitor, in consultation with the Applicants, and with the approval of the Applicants, shall confirm which Phase 1 Bids constitute Phase 1 Qualified Bids. No Phase 1 Bid received shall be deemed not to be a Phase 1 Qualified Bid without the approval of the Monitor. Only Phase 1 Bidders whose Phase 1 Bids have been designated as Phase 1 Qualified Bids ("**Phase 1 Qualified Bidders**") are eligible to participate in Phase 2 of the SISP. The Monitor shall notify each Phase 1 Bidder in writing as to whether its Phase 1 Bid constitutes a Phase 1 Qualified Bid within two (2) business days of the Phase 1 Bid Deadline, or at such later time as the Monitor deems appropriate.

18. The Monitor may, in consultation with the Applicants and with the approval of the Applicants, aggregate separate Phase 1 Bids from unaffiliated Phase 1 Bidders to create one Phase 1 Qualified Bid.

19. If the Monitor, in consultation with the Applicants, are not satisfied with the number or terms of the Phase 1 Qualified Bids, or if no Phase 1 Qualified Bids are received, the Monitor may, in consultation with the Applicants and with the approval of the Applicants, extend the Phase 1 Bid Deadline, or the Monitor may seek Court approval of an amendment to the SISP.

20. If the Monitor, in consultation with the Applicants, determines that only one Phase 1 Bid constitutes a Phase 1 Qualified Bid, the Monitor may dispense with Phase 2 of the SISP, designate the party that submitted the Phase 1 Qualified Bid as the Successful Bidder in the SISP, and work exclusively with such Successful Bidder to complete any required diligence, satisfy any conditions, and obtain Court approval of the Successful Bid.

Phase 2: Formal Offers and Removal of Conditions

21. Any Phase 1 Qualified Bidder that wishes to participate in Phase 2 of the SISP (each a "**Phase 2 Bidder**") must submit a binding offer with respect to its Sale Proposal or Investment Proposal (a "**Phase 2 Bid**") to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (Eastern Time) on August 14, 2023** or as may be modified by the Monitor in accordance with this SISP (the "**Phase 2 Bid Deadline**");

22. A Phase 2 Bid shall be deemed to be a "**Phase 2 Qualified Bid**" if it satisfies all of the criteria of a Phase 1 Qualified Bid, together with the following additional criteria, as determined by the Monitor in accordance with the terms of this SISP:

(a) the Phase 2 Bid shall be a binding Sale Proposal or Investment Proposal, accompanied by a letter confirming that the Phase 2 Bid: (i) may be accepted by the Applicants by countersigning the Phase 2 Bid; and (ii) is irrevocable and capable of acceptance until the earlier of: (A) two business days after the date of closing of the Successful Bid; and (B) the September 15, 2023;

(b) the Phase 2 Bid shall be not subject to any financing condition;

(c) the Phase 2 Bid shall be unconditional, other than a condition requiring the issuance of an order of the Court approving the Phase 2 Bid in form and substance satisfactory to the Phase 2 Bidder (the "**Approval Order**");

(d) the Phase 2 Bid shall contain or identify the key terms and provisions to be included in any Approval Order, including whether such order will be a "reverse vesting order";

(e) the Phase 2 Bid shall not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;

(f) for a Sale Proposal, the Phase 2 Bid shall include:

(i) the Purchase Price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Phase 2 Bidder and key assumptions supporting the valuation, and including any contemplated Purchase Price adjustments;

(ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;

(iii) a specific indication of the financial capability of the Phase 2 Bidder and the expected structure and financing of the transaction;

(iv) confirmation that there are no conditions or approvals required to complete the closing of the transaction, except the issuance of the Approval Order;

(v) a description of those liabilities and obligations (including operating liabilities) which the Phase 2 Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and

(vi) any other terms or conditions of the Sale Proposal that the Phase 2 Bidder believes are material to the transaction;

(g) for an Investment Proposal, the Phase 2 Bid shall include:

(i) a description of how the Phase 2 Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;

(ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Applicants in Canadian dollars;

(iii) the underlying assumptions regarding the pro forma capital structure;

(iv) a specific indication of the sources of capital for the Phase 2 Bidder and the structure and financing of the transaction;

(v) a description of the conditions and approvals required to complete the closing of the transaction, including any remaining diligence to be completed;

(vi) a description of those liabilities and obligations (including operating liabilities) which the Phase 2 Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and

(vii) any other terms or conditions of the Investment Proposal;

(h) the Phase 2 Bid includes acknowledgements and representations of the Phase 2 Bidder that the Phase 2 Bidder:

(i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Applicants prior to making its offer;

(ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and

(iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;

(i) the Phase 2 Bid shall contemplate and reasonably demonstrate a capacity to consummate a closing of the transaction set out therein on or before September 7, 2023, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than September 15, 2023; and

(j) the Phase 2 Bid shall have been received by the Phase 2 Bid Deadline.

Evaluation of Competing Bids; Selection of Successful Bid

23. Following the Phase 2 Bid Deadline, the Applicants and the Monitor will assess the Phase 2 Bids received and seek clarification with respect to any of the terms or conditions of such Phase 2 Bids and/or request and negotiate one or more amendments to such Phase 2 Bids prior to determining whether a Phase 2 Bid should be considered a Phase 2 Qualified Bid. The Monitor, in consultation with the Applicants and with the approval of the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Phase 2 Bid to be a Phase 2 Qualified Bid.

24. The Applicants and the Monitor will: (a) review and evaluate each Phase 2 Qualified Bid; (b) identify and designate the highest or otherwise best as the Successful Bid; and (c) identify the next highest or otherwise second best bid (the "**Back-Up Bid**", and the Phase 2 Bidder making such Back-Up Bid, the "**Back-Up Bidder**"), in each case pursuant to the paragraphs below. Any

Successful Bid and Back-Up Bid will be subject to approval by the Court. Phase 2 Qualified Bids will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the bidder to successfully complete such transactions, (iii) the proposed transaction documents, (iv) factors affecting the speed, certainty and value of the transaction, (v) the assets included or excluded from the bid, (vi) any related restructuring costs, and (vii) the likelihood and timing of consummating such transaction, each as determined by the Applicants and the Monitor.

25. In the event that only one Phase 2 Qualified Bid is received, such Phase 2 Qualified Bid shall constitute the Successful Bid and the Applicants will promptly seek Court approval of such Successful Bid. In the event there is more than one Phase 2 Qualified Bid received, the Monitor, in consultation with the Applicants, may determine the Successful Bid or may determine that the Successful Bid will be identified through an Auction in accordance with the terms of this SISP (the "**Auction**"). Instructions to participate in the Auction, which will take place via video conferencing, will be provided to Qualified Parties (as defined below) not less than 24 hours prior to the Auction.

26. Only parties that provided a Phase 2 Qualified Bid by the Phase 2 Bid Deadline, as confirmed by the Monitor (collectively, the "**Qualified Parties**"), shall be eligible to participate in the Auction. No later than 5:00 p.m. Toronto Time on the day prior to the Auction, each Qualified Party must inform the Monitor whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction.

Auction Procedure

27. The Auction shall be governed by the following procedures:

(a) **Participation at the Auction.** Only the Applicants, the Qualified Parties, the Monitor and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Monitor shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (Eastern Time) two (2) business days after the Bid Deadline;

(b) **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;

(c) **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Monitor, in consultation with the Applicants (the "**Initial Bid**"), and any bid made at the Auction by a Qualified Party subsequent to the Monitor's announcement of the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments of $100,000;

(d) **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Monitor, in its discretion, may establish separate video conference rooms to permit interim discussions between the Monitor, the Applicants, and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

(e) **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s);

(f) **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded; and

(g) **Auction Procedures.** The Monitor shall be at liberty to set additional procedural rules as the Auction as it sees fit.

Selection of Successful Bid

28. Before the conclusion of the Auction, the Monitor, in consultation with the Applicants, will:

(a) review each bid, considering, among others things:

(i) the amount of consideration being offered, and, if applicable, the proposed form, composition and allocation of same;

(ii) the value of any assumption of liabilities or waiver of liabilities;

(iii) the likelihood of the Qualified Party's ability to close a transaction expeditiously, after completion of the Auction and timing thereof (including factors such as the transaction structure and execution risk, including conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments and required governmental or other approvals); the likelihood of the Court's approval of the Successful Bid; the net benefit to the Applicants; and

(iv) any other factors the Applicants may, consistent with its fiduciary duties, reasonably deem relevant; and

(b) identify the highest or otherwise best bid received at the Auction as the Successful Bid.

29. The Successful Bidder shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Monitor, in consultation with and approval from the Applicants, subject to the milestones set forth herein.

Sale Approval Motion Hearing

30. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), the Monitor or the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid,

if any, shall be deemed to be rejected by the Monitor and the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

31. All discussions regarding a Sale Proposal, Investment Proposal, or Bid should be directed through the Monitor. Under no circumstances should the management of the Applicants be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP.

32. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of bidders, the details of any bids submitted or the details of any confidential discussions or correspondence between the Applicants, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, with the approval of the Monitor and consent of the applicable participants, are seeking to combine separate bids from Potential Bidders.

Supervision of the SISP

33. The Monitor shall oversee and conduct the SISP, in all respects, and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out in this SISP, the SISP Order, the Initial Order and any other orders of the Court. The Monitor is entitled to receive all information in relation to the SISP.

34. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants or the Monitor and any Potential Bidder, any bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Applicants.

35. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, bidder, the Successful Bidder, the Applicants or any other creditor or other stakeholder of the Applicants, for any act or omission related to the process contemplated by this SISP, except to the extent such act or omission is the result from gross negligence or wilful misconduct of the Monitor. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Monitor.

36. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.

37. The Monitor shall have the right to modify the SISP with the prior written approval of the Applicants if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the Service List in these CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.

Schedule "1"

Address of Monitor

To the Monitor:

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

Attention: Dan Wootton and David Collins
Email: dan.wootton@ca.gt.com, david.collins@ca.gt.com

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 SWARMIO MEDIA HOLDINGS INC., SWARMIO INC., AND SWARMIO MEDIA INC.

Court File No: CV-23-00701377-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

FIRST REPORT OF GRANT THORNTON LIMITED AS THE COURT-APPOINTED MONITOR DATED JUNE 26, 2023

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